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Rafel workers demonstrate opposite the Prime Minister's Office in Jerusalem yesterday as the cabinet unanimously decided to take steps to turn the arms development authority into a government-owned company. It is currently a division of the Defense Ministry. The cabinet asked the Defense and Finance ministries to create a steering committee and subcommittees to deal with funding, equity, property, land, manpower, legal, economic and contract issues. (Isaac Harari)

Gaza/Jericho Accord is a pact on the way to peace, Rabin says

DAVID MAKOVSKY

THE Gaza/Jericho Accord must be seen not for what it is, but what it could lead to, given the long road still ahead in the quest for true peace between Israelis and Palestinians, Prime Minister Yitzhak Rabin warned yesterday.

"Whoever presents this agreement as a peace agreement is mistaken. This is an agreement on the way to peace," Rabin said, during a half-day briefing on the Israel-PLO accord at the Defense Ministry.

A senior IDF officer said the accord is a paradox for Israel. "This agreement cannot work without a strong PLO. But a strong PLO will only strengthen its claim to a Palestinian state," he said.

Rabin said he believed Jericho would be a source of "sharp conflict" if rejectionists on both sides stage "provocations." He aimed his harshest attacks at what he called "a minority of hard-core settlers, bent on disrupting the peace process."

He also said soldiers were risking their lives so the settlements could stay in place. "By not uprooting the settlements, the soldiers will be paying the price," he said.

Several senior IDF officers said they doubted terrorism would halt during the interim period. But, they added, senior Palestinians admit to their Israeli counterparts that their failure to combat violence against Israelis would doom the accord.

"Israel has not succeeded in stopping terrorism in 27 years of control over the territories," Rabin reminded his listeners. The Palestinian policemen want to succeed in taking charge and curbing violence, but they will not have the same motivation as Israel to apprehend perpetrators, he said.

A senior IDF officer said Israel will put forward a "graduated scale" of responses to violations by the Palestinians, but did not elaborate.

While offering effusive plaudits for the orderly behavior of the Palestinian Police (see accompanying story) in Gaza and Jericho, Rabin lashed out at PLO chairman Yasser Arafat.

Dismissing Arafat's latest statement canceling Israel's military orders in the territories as "drivel," Rabin showed his irritation with the string of Arafat's recent comments.

"He is the master of survival, but the builder of nothing, so far," Rabin said of Arafat.

Rabin mentioned Hamas as a deadly obstacle to the accord's success, but did not dwell on the group. "There are enough people who will exploit the freedom of movement in Jericho for any provocation," he said, simply.

Rabin chose instead to vent his frustration against those settlers, whom he views as actively seeking to sabotage the agreement. He said the problem is rooted both in their attitude towards Palestinians and in their actions.

"I know these people. I saw on television that settlers heading to pray in the Jericho synagogue said: 'don't pay attention to the Palestinian Police. They are like air for us.' I would never say that anyone is like air, even Palestinians."

"There was no Jericho synagogue before the [Israel-PLO] accord, there was diddly-squat," he

continued. "Let's just be happy that [NRP leader] Hanan Porat, [settler spokesman] Aharon Domb, and the whole Kiryat Arba group did not start looking for the synagogue inside Gaza."

Rabin said the settlers whose tires were shot at near the Erez checkpoint in Gaza were someone who had no permission to enter the area and did not stop at a prior Israeli checkpoint. "What this Israeli did was a crime," the prime minister later told reporters.

While defending his policy not to dismantle settlements for the time being, Rabin said the Netzarim settlement should cease to exist.

"The religious kibbutz movement abandoned that settlement a half year before the agreement [with the PLO]. We paid them NIS 3 million. However, Amana [settlement organization], rotated settlers in for a temporary period. If that is a settlement, I am a thingamajig."

Herb Keiron adds:

In reaction to Rabin's remarks, Uri Ariel, head of the Council of Jewish Communities in Judea, Samaria and Gaza, said: "These remarks shame the prime minister and the country's citizenry, and are yet additional attempts at delegitimizing the settlements."

"If he indeed said what was attributed to him, then I reply that Netzarim is indeed a settlement, and that by his own testimony the prime minister is therefore a thingamajig."

The Jericho yeshiva issued a response that read: "This once again shows Rabin's lack of knowledge about matters he is dealing with. He thinks irresponsible statements will allow him to escape responsibility for the lack of security facing Israel's residents."

Palestinian Police described as 'eager, disciplined and cooperative'

JON IMMANUEL and ALON PINKAS

THERE is an advantage in having Palestinian police come from faraway places like Algeria and Yemen, since they are not as personally involved in the intifada as local recruits would have been, Prime Minister Yitzhak Rabin said yesterday.

He said there is hardly a family in the territories which did not suffer casualties or the arrest of a relative.

He said the police have performed satisfactorily so far, noting the problem is at the level of the political leadership, which has failed to provide for them adequately. He said that police in Jericho should have called an IDF patrol before arresting Na'ama residents who had gone there Tuesday to change money.

Rabin's evaluation was supported by a senior IDF officer, who told a seminar for reporters that the Palestinian Police have thus far demonstrated eagerness to suc-

ceed, a high level of discipline, and a desire to cooperate with the IDF.

He attributed recent incidents in the Gaza Strip to recklessness and lawlessness by Israelis, and a lack of orientation on the part of Palestinian policemen.

"Why would anyone expect a Palestinian general, who came from Algeria after 27 years, to arrive in Jabalya and make on-the-spot decisions, some of which we find difficult to make?" he asked. "I think that most of us realize that when an IDF brigade replaces another, it is much less organized than what we have so far seen from the Palestinians."

The officer stressed that the Palestinian Police impressed him with their unit cohesion, discipline, impeccable performance, and sincere desire to uphold their part of the Cairo agreement.

"The PLO inherited approximately 200 wanted individuals from us, most from the rejectionist front organizations and Hamas," the official said.

Several of the speakers questioned PLO Chairman Yasser Arafat's credibility and criticized his negotiating tactics, with one calling them "quite different than what we are accustomed to in the West."

The sources said, however, that the circle surrounding Arafat is composed of experienced and realistic negotiators, with whom Israel found common denominators despite cultural differences in attitudes towards conducting negotiations.

"Had we conducted the talks with territories' Palestinians, as opposed to the Tunis leadership, I maintain the negotiations would

have been much more difficult, because PLO Tunis was not politically shaped by the intifada, a fact that enabled it to talk without constantly being emotionally burdened," said one senior IDF source.

Meanwhile, Itim reported that OC Gaza Brig.-Gen. Doron Almog was stopped by Palestinian Police near Netzarim as he tried to enter the autonomous area. The police asked him not to use his own car, but one of those of the joint patrols. Almog then called Palestinian Brig.-Gen. Ziad Atrashi, who ordered the policemen to let him enter freely.

In another development, Jibril Rajoub, the Palestinian security chief in Jericho, said told *an-Nahar* yesterday that settlers who violate Palestinian law will be treated "in a tough way."

In Gaza, a recruitment drive has begun for more local police, Israel Radio reported last night.

J'lem council condemns Arafat's call for jihad

BILL HUTMAN

AT the close of a heated three-hour debate last night, the Jerusalem city council approved a sharp condemnation of PLO Chairman Yasser Arafat's call for a jihad to liberate Jerusalem.

"Jerusalem is ours. It has always been and will always be ours," the resolution stated. It then went on to call on the government to do more to strengthen Israel's hold on the city.

The Labor-affiliated One Jerusalem Party and Meretz voted against the condemnation, on grounds it included criticism of government policy in the city. But Mayor Ehud Olmert and his 16-member coalition easily defeated the eight opposition members in the vote.

Deputy Mayor Shmuel Meir (National Religious Party) accused the government of "purposely allowing the security situation in eastern Jerusalem to deteriorate."

NIS100,000 reward for capturing Arafat

HERB KEIRON

A WANTED poster, with a picture of Yasser Arafat and a NIS 100,000 reward for his capture, was the subject of a letter sent by the Council of Jewish Communities in Judea, Samaria and Gaza to Attorney-General Michael Ben-Yair yesterday.

Uri Ariel, the head of the council, asked Ben-Yair if the poster is illegal. Ben-Yair has not replied.

The poster identifies Arafat as the "head of the terrorist organization responsible for the murder of hundreds, and the wounding of thousands, of Jews in Israel and around the world."

Palestinian Authority will need larger budget than civil administration

JON IMMANUEL

THE Palestinian Authority will need a much larger budget than the civil administration, but the Palestinians do not yet have a framework for collecting taxes, a senior IDF officer noted at a briefing yesterday.

The higher budget is necessitated by the need to finance departments not financed by the civil administration, such as police, he said.

Civil administration costs in Gaza and Jericho were about NIS 220 million in 1993, and he expects them to be more than NIS 600m. annually under Palestinian self-rule.

About 85 percent of the civil administration budget came from local taxes. However, the Palestinians do not have any framework for collecting taxes, he said.

While Palestinian economists recognize that a tax holiday is not possible, they want to keep in-

come taxes low and rely more on sales taxes and value added tax.

"Taxes are a complicated issue," said Hassan Abu Libdeh, deputy director of PECARD, the Palestinian Economic Committee for Development and Reconstruction.

The officer, with civil responsibilities in the territories, said the international community should help with running expenses. But donor countries are not interested; they prefer projects which can be more easily explained to their taxpayers, who want an account of how their money is spent, he said. "We cannot stand by and watch the system collapse," the officer warned. "We can help them get money for ongoing expenses."

Israel has agreed to refund 75 percent of the income tax paid by Palestinian workers in Israel.

However, this will not help much if a protracted closure prevents many workers with permits from entering Israel. The officer warned that a protracted closure could depress the economy, destabilize society, and strengthen Hamas.

"We have to find a way for them to work in Israel because this gives them immediate income," he said. If autonomy does not work, "it will be our problem," he said.

Abu Libdeh said a conference of donor countries to discuss distribution of more than \$2.2b. in pledges is planned for May 31 in Paris. The session had previously been postponed, while the states demanded clarification of PECARD's.

Since May 9, PECARD has had its own by-laws. "We are about to release tenders for several projects concerned with water, education, and roads," Abu Libdeh said.

Catholic Church drafts document on its responsibility for antisemitism, Holocaust

HAIM SHAPIRO

A ROMAN Catholic Church document acknowledging the "co-responsibility and guilt of the Church" for the Holocaust, has been drafted, it was revealed this week.

The document, the product of the German Bishops' Conference, says that "the tradition of theological and Church anti-Judaism was an important element on the way toward the Shoah."

The document goes far beyond any previous official Catholic pronouncement regarding the Christian religious roots of antisemitism and the failure of the Church to speak out during the Holocaust.

Prof. Hans Hermann Henrich of Aachen reported on the document at the meeting this week of the International Liaison Committee of the Holy See's Commission for Religious Relations with the Jews and the International Jewish Committee for Inter-religious Consultations (IJCIC). The Polish Episcopal Commission for Dialogue with the Jewish People in the Ecumenical Center in Auschwitz also worked on the draft.

According to Hendrix's report, the document "faces the historical reality of the Church's [religiously oriented] anti-Judaism." It examines the antisemitism that spurred the expulsion from Spain, and views this event as first link in the chain of events leading to the Holocaust.

"A terrible mixture of religious, social, economic, political and racial hostility toward Jews created the historical basis for the European Jews being driven on their deadly way toward the Shoah," the document says.

As to the position of the Church during the years of persecution, the document says that "The Church as a whole offered no effective resistance to the Nazi persecution and extermination."

Jewish participants in the meeting expressed their surprise and pleasure at the document. "It made a deep impression on all of us. We did not expect it to be so far-reaching," said Dr. Geoffrey Wigoder, chairman of the Israel

Jewish Council for Inter-religious Relations and incoming chairman of IJCIC.

Wigoder pointed out, however, that the document now has to be approved by bishops from other countries, and has a long way to go before it became Catholic doctrine.

Such a document, he said, was promised at a meeting of IJCIC with the Pope John Paul II in 1987, following his meeting with then Austrian president Kurt Waldheim. The delay in its drafting was partially due to the dispute between the Jewish and Catholic groups over the issue of the convent at Auschwitz.

Meanwhile, it was learned that before the liaison committee met in Jerusalem, a representative of the organizers met informally with Jerusalem Chief Rabbi Yitzhak Kallitz, to ensure that he would not issue a condemnation of the meeting. Kallitz had issued such a condemnation of the Jewish/Christian Conference held earlier this year.

According to an informed source, Kallitz indicated that he would remain diplomatically ignorant of the current meeting.

IDF source: Syria to 'reassess' options if peace not reached within a year

DAVID MAKOVSKY

DAMASCUS will "reassess" its options if a Syrian-Israeli peace settlement is not reached within a year, a senior military source told reporters in a closed half-day-long seminar in Tel Aviv yesterday.

The source refused to spell out what form a Syrian reassessment would take, but carefully added that he did not want to predict that Damascus would go to war if the peace process fails. All of Israel's neighbors would prefer to resolve their conflicts with Israel peacefully, he said, noting the economic

and demographic problems engulfing Arab countries.

According to the source, Syria, Jordan, Lebanon, and the US all share the view that the Rabin government has a year left to reach peace agreements with its neighbors.

The Clinton administration, however, has preferred not to use its "political strength" to narrow the gaps between Israel and Syria,

he said, indicating that Washington has been content to play a more minor role as facilitator between the two sides.

While noting that Israel's conflict with the Palestinians has been the "root" of its decades long conflict with the Arabs, he said it is Syria that is most likely to set the tone for a comprehensive Arab-Israeli peace. "The Palestinians cannot expect the Syrians and other countries to wait to resolve their conflicts with Israel until final status negotiations [occur]," he said.

Syrian officials apologize for article on Jewish influence on US foreign policy

WASHINGTON (AP) — Syrian officials, responding to a complaint by Secretary of State Warren Christopher, say they regret publication of an article in the *Syria Times* that asserted Jews had undue influence over US foreign policy and American media.

The article in the English-language newspaper appeared before Christopher flew to Damascus last week for talks with President Hafez Assad and Foreign Minister Farouk Sharrara.

It said Jews operating behind

the scenes had taken charge of foreign policy and the media, and that 30 percent of Protestant bishops were Jews.

Christopher condemned the article when reporters brought it to his attention and instructed Ambassador Christopher Ross to register a complaint with the Syrian government.

Ross pointed out the article was full of errors, fact and analysis, reflected badly on Syria "and was written in an inflammatory tone reminiscent of Nazi propaganda."

Michael McCurry, the State Department spokesman, said late Tuesday.

"The Syrian officials expressed regret about the content and tone of the article. They said the article had not been commissioned by the government and had no official standing," McCurry said.

While the government has "a substantial control and say over things that appear in the media," the United States is unable to determine whether the article on Jews was commissioned, he said.

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האזא מן אלאל

'Intolerable' Palestinian groups in capital

It only takes a short drive through eastern Jerusalem to discover the Palestinian groups the government has said it would not tolerate in the capital.

Yesterday, like any day in recent memory, Palestinian guards stood watch outside Orient House, the PLO headquarters in Jerusalem.

Palestinian sources say some of the guards, particularly those protecting senior Palestinian officials, carry guns.

The guards check identity papers and sometimes search pockets before allowing people inside the complex.

On Tuesday, Police Minister Moshe Shahal told the Knesset that police would arrest Palestinians acting as security

guards in the capital.

He also vowed to close down Palestinian "ruling bodies" in Jerusalem, which he roughly defined as Palestinian groups overseeing activities in Judea and Samaria.

Dozens of such groups operate openly in Jerusalem and are listed in the annual yearbook of the Palestinian Academic Society for the Study of International Affairs (PASSIA).

Signs on office buildings proclaim the presence of groups like the General Union of Palestinian Educators in the West Bank, the West Bank Lawyers Association, and the Federation of Palestinian Chambers of Commerce.

The groups listed in the PASSIA yearbook are responsible for running the political, economic,

BILL HUTMAN

and cultural life of Palestinians in Jerusalem and the territories. Many appear to meet the criteria set down by Shahal.

"This entire subject, of whether there are groups acting illegally, will be dealt with in accordance with the law," the police spokesman said in a brief statement. He declined to comment further.

Most Palestinian organizations in the capital take special care to remain within the framework of the law.

"Palestinian organizations in Jerusalem are registered in the names of Jerusalem residents, so they will have to change the law if they are going to shut us down," said Riad Malki, a prominent ac-

tivist with the Democratic Front, who has an office in Jerusalem. Prof. Ibrah Zilberman, of the Truman Institute, described the government's position towards Palestinian organizations in Jerusalem as "not serious."

"Jerusalem is the political capital of the West Bank, and no minister can change that," Zilberman said.

The trend began in the late 1970s, under the Likud government, of Palestinian institutions being established in Jerusalem as continued, Zilberman said.

Orient House has been the major target of both government and opposition scrutiny. But eastern Jerusalem is rife with offices belonging to a wide spectrum of Palestinian political factions,

some of them outlawed.

Political activists with the Democratic and Popular Fronts and even Hamas operate openly in the city.

"That we see Jerusalem as the capital of the State of Palestine is one reason Palestinian groups have set up offices in the city," Malki said. "It also makes it easier for us to be at the center of activities," noting that being in Jerusalem gives Palestinian groups better access to the many international organizations located there.

"Everyone knows what goes on at the Orient House, and that there are armed guards guarding Palestinian officials [in Jerusalem]. The Israelis have allowed this situation to exist," Malki said.

Settler detainee Eyal Noked released

HERB KEINON

HEBRON resident Eyal Noked was released from Sharon Prison yesterday, after spending nearly three months in administrative detention.

Noked was arrested on March 3, following the government's decision, taken after the Hebron massacre, to crack down on Kach and Kahane HaI activists.

Noked was not a member of either organization, but was very active in settlement activities. He was the first of nine detainees to be released after completing a full three-month sentence. Two other detainees, Michael Ben-Horin and Shmuel Ben-Yishai, were released before completing their sentences following successful appeals to the High Court of Justice.

Noked, 34, said he was released "without any limitations" on his movement or activity. Noked, who said he doesn't know whether he will be allowed to carry a weapon, lives with his wife and two children in Beit Hadassah. "I have an eternal romance with Hebron," he said.

Noked said his arrest was a gesture to "appease the Arabs," and that the lack of anything against him was proved by the fact that he was never interrogated while in prison. "The last time I saw a policeman was when they arrested me. After that, all I saw were prison guards," he said.

Two other detainees, Kach spokesman Noam Federman and Kach activist Benzion Gostein, were also due to be released, but earlier this week had their detention extended by another three months.

Noked believes his detention was not extended because the government has set free two jailed Palestinians who tried to kidnap him when he was a soldier.

IAF attacks south Lebanon

MARIYOUN (AP) — Air force planes attacked suspected infiltration routes for pro-Iranian forces in south Lebanon yesterday, security sources said.

The sources said four fighter-bombers were involved. Two fired two air-to-surface missiles each on bluffs in the Iklim al-Tuffah area, which serves as a Hizbullah stronghold.

There was no immediate word on casualties from the raid.

It was the second Israeli air raid in as many days, and the 14th this year. A total of nine people have been killed and 10 wounded in the previous air strikes.

ARRIVALS

At the annual meeting of the Board of Governors of Tel Aviv University, from the U.S.A.: Prof. Manuel del-Cerro, MD, University of Rochester, NY, for the awarding of the Prof. Richard Stein Memorial Prize.



Wearing IDF shirts and blindfolds, six pupils from Jerusalem's Rehavia Gymnasium demonstrate solidarity with the six MIAs yesterday. Led by their principal, hundreds of pupils marched through the city's streets to the Knesset. "We came here to tell you, the families of the boys, that we are with you," said Rachel Ezra, head of the pupils' council. "Your suffering is intolerable." Another pupil, Yishai Halber, appealed, in English, to world leaders to help secure the MIAs' release. A spokesman for the International Coalition for the MIAs said the group would work for the release of Palestinian MIAs if there was action on the part of the Arabs to release the Israelis. (Text: Batsheva Tsuri; Photo: AP)

Norwegian peacemaker gets UN post

OSLO (AP) — The Norwegian researcher who secretly brokered the accord between Israel and the PLO has accepted a job as UN deputy secretary general for the Middle East.

"Today I had a long meeting with Secretary General Boutros Boutros-Ghali, who asked me to be deputy secretary general," Terje Roed Larsen told the Norwegian news agency NTB in Washington DC yesterday.

The newly-created post is the highest UN office offered to a Norwegian since Trygve Lie became its first secretary general in 1946.

"This will be a completely central role tied to the secretary general's activities. We had wanted a stronger role for the UN in the Middle East and this will contribute to that," Foreign Minister Bjorn Tore Godal said in Oslo.

Larsen is now a special adviser to Norway's Foreign Ministry. Larsen, 46, was director of the Oslo-based Institute for Applied Social Science when he realized during research in the Middle East that Israel and the Palestine Liberation Organization wanted a backdoor channel for talks.

Larsen and a tightknit team of Norwegians arranged at least 14 rounds of secret talks in Norway that led to the Oslo agreement.

'Attempt made to sabotage wiretap probe'

RAINE MARCUS

THE letter shown on *Mabat* news last night, which refers to Yediot Aharonot's maintenance manager's ordering surveillance of Ofer Nimrodi's Hachsharat Hayishuv insurance company, is another attempt to divert the investigation against two alleged wiretappers accused of tapping journalists' phones, sources said.

Hachsharat Hayishuv owns most of the shares of Yediot's rival, *Ma'ariv*.

The letter, said the sources, was apparently stolen from the Tashbet investigation company, which *Mabat* did not mention.

Private investigators Rafi Friedan and Ya'acov Tsur are accused of tapping the phones of Yediot and *Ma'ariv* employees, and are suspected of tapping more than

200 cellular phones of MKs and other prominent people. They are refusing to tell police who ordered the tappings.

Ha'aretz last week published an article saying that Friedman's lawyer had met secretly five times with Nimrodi, who is also *Ma'ariv*'s editor.

The letter shown on *Mabat* read that the Tashbet investigation company had provided Yediot's maintenance chief, Haim Rosenberg, with more than NIS 7,000 worth of services. Tashbet investigators, *Mabat* said, spied on the Hachsharat Hayishuv company premises from a room at nearby Hilton Hotel. In 1992, said a source, both *Ma'ariv* and Yediot

both employed investigators to spy on each other, a common practice between rival companies. Tashbet, said the source, worked for Yediot.

In response, Yediot editor Moshe Vardi said last night that Rosenberg did not order surveillance on Nimrodi's offices.

"I can't be responsible for every letter addressed to me," said a statement read by Vardi on Rosenberg's behalf. "This is an attempt to divert the attention from the main point — who ordered wiretapping services from the Agam company [which belongs to Friedman and Tsur]."

Police sources said they expect to summon both Ofer Nimrodi and Yediot editor Arnon Mozes for questioning.

Settlement in custody case of teen allegedly kidnapped by rabbi

NEW CITY, N.Y. (AP) — A settlement has been reached in the custody battle over a teenager allegedly abducted by a haredi rabbi more than two years ago in a dispute over the boy's religious instruction, the youth's attorney said.

The agreement ends, at least for now, the tug-of-war over Shai Frima Reuven, who has claimed he ran away from his mother's home because she did not allow

him to practice his Orthodox beliefs.

Under the agreement, reached Tuesday in Rockland County Family Court, custody of Shai, now 15, will be shared by the boy's mother, Hana Frima, and Rabbi Aryeh Zaks, the person with whom Shai has been living since March, said Eric Thorsen, the boy's attorney. Zaks is not the rabbi accused of kidnapping Shai.

Thorsen said Judge Bernard Stanger approved the settlement over the objections of Shai's father, Michael Reuven, who had demanded that he be allowed to take his son to Israel or London to live.

Inquiry into sale of Beit Hanassi gift

BATSHEVA TSURI

THE sale of a gift presented to Beit Hanassi at a public auction in Brussels some years ago is being investigated.

President Ezer Weizman has asked his bureau chief, Aryeh Shumer, to look into the matter, which was raised this week by MK Ariel Weinstein.

The incident was investigated once before, but who had been responsible for handing over the gift for sale or exactly when the incident took place were not made public.

A presidential spokesman said that when the investigation is complete, the details will be published.

Shahal: MKs trying to intimidate police

DAN IZENBERG

POLICE Minister Moshe Shahal yesterday accused opposition MKs, particularly National Religious Party MK Shaul Yisroel, of trying to intimidate the police by accusing them of brutal behavior towards anti-government demonstrators.

The debate was triggered by an incident last Saturday night, when Yisroel briefly lost consciousness during an altercation with police at a demonstration outside the home of Prime Minister Yitzhak Rabin in Tel Aviv.

Yisroel charged that the police punched him and knocked him to the ground, even though they knew he was an MK and enjoyed parliamentary immunity.

"I have the feeling that the repeated accusations regarding this matter [of police brutality] are meant to intimidate the police," said Shahal. "Police [behavior] has not changed in the past two years [since Labor came to power]."

Shahal said the demonstration — and similar demonstrations the same night in Jerusalem — were illegal because they were held without a license. He rejected Ya-

halom's claim that they were spontaneous expressions of anti-government feelings. "The police only acted against the demonstrators after receiving complaints from neighborhood residents at 1:30 a.m. on Sunday morning," said Shahal. All they wanted was for the demonstrators to clear the street they had blocked.

Yisroel said he had been trying throughout the night of the demonstration to prevent police from using violence against demonstrators. At one point, an officer approached him and ordered him to move to the back of the rows of demonstrators.

"I said 'no,'" said Yisroel. "The officer took five men, pushed me and punched me in the chest and stomach and knocked me to the ground. I lost consciousness for a minute."

Silvan Shalom (Likud) warned that if police were now preventing opposition MKs from demonstrating in the streets, "we will reach a point in a year, or two years or 10 years, where a government will prevent a legislator from coming to the Knesset to vote."

Calling Dirani abduction political tactic is libelous — Gur

DAN IZENBERG

THOSE accusing the government of abducting Lebanese Shi'ite terrorist Mustafa Dirani as a political diversionary tactic are guilty of "gall and ignorance," Deputy Defense Minister Mordechai Gur said during a debate in the Knesset plenum yesterday.

Gur also revealed that the army had planned to abduct Dirani several months earlier, but postponed the operation when it appeared that it could get more current information from another source.

"Any attempt to insinuate an internal-political motive of one kind or another is libel in the full sense of the word," said Gur. "Whoever knows what is involved in a difficult operation knows how much time it takes to prepare it and what conditions must coalesce to make it possible to execute it as planned. Intelligence, flying and weather conditions."

"Therefore, it requires gall and ignorance to link this operation with immediate political gain. What kind of country do such people think this is? Can a government order the army and the army immediately masters all the necessary environmental conditions and is ready from one day to the next to assume all the risks involved in such a dangerous operation."

Christopher: Arafat should restate commitments

HILLEL KUTTLER

WASHINGTON

Arab diplomats and journalists sponsored by *Middle East Insight*.

"The Jordanians, as you know, are playing an important role as the guardians of the holy places in Jerusalem, something which we have never denied," said Peres, noting Amman's recent funding of renovations to the Dome of the Rock. "Surely we are not going to boot them out, religiously speaking."

Asked by reporters prior to his meeting with Peres whether the US believes Arafat, after his controversial remarks in Johannes-

burg recently, should reaffirm his commitment to peace, Christopher said: "Yes. Commitments have been made and it's very important they be lived up to. And I think it would be very helpful to have a reaffirmation."

"The process can continue only against a background, only in an environment, of keeping a commitment."

"I think the main thing from my standpoint is that the fundamental, underlying commitments be kept." Christopher said before the State Department meeting. "We do need to work in an atmosphere of mutual trust and I think that statements like that do require some clarification."

NATIONAL INSURANCE INSTITUTE

To Those Receiving Nil Benefits

The general directorate and the management of the National Insurance Institute apologize to the disabled, to widows, the families of those affected by hostile action, and the elderly, for the distress caused them, and delays resulting from the strike of social workers, employed by the NIL.

The management of the Institute appreciates the important work done by the social workers, and hopes that a fair resolution to the dispute will be found, and that the social workers will soon return to work.

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Alleged cocaine smuggler remanded for 15 days

RAINE MARCUS

A BAT Yam man suspected of smuggling cocaine from Colombia via London to Tel Aviv Magistrates Court yesterday.

Shlomo Barzani's arrest followed the seizure of nearly eight kilos of liquefied cocaine at Ben-Gurion Airport last week. The drug had been brought here by a courier in bottles of coffee liqueur.

This marked the first time that liquefied cocaine was discovered here, and narcotics squad detectives believe that an international gang is responsible for large scale smuggling of the liquid, which was allegedly transformed into powdered cocaine here using a simple chemical process.

One of those arrested told detectives that he was threatened by Barzani, who was recently released from a French prison, and smuggled the cocaine under duress.



One of the greeting cards used to smuggle cocaine from the US.

(Brun Hendler)

Police break international cocaine ring

BILL HUTMAN

AN international cocaine smuggling ring, which hid the drug in greeting cards sent from the US, has been uncovered by Jerusalem police.

Yesterday, six city residents suspected of receiving the drug for the purpose of sale, were remanded for between three and 13 days in Jerusalem Magistrates Court.

Police told the court that an Israeli living in New York City had sent more than a kilo of cocaine to contacts in Jerusalem. Beit Shemesh, and Ramat Gan. Additional arrests are expected.

The man behind the ring, Asher Abutbul, 41, of Jerusalem, remains at large. An extradition request has been sent to US authorities, the police spokesman said.

Abutbul, however, apparently already informed of the arrests of his sellers here, has already left the US and is not likely to return. Police sources said they believe he is in Europe.

Abutbul left Israel for the US 15 years ago. He was imprisoned in the US from 1985 to 1990 on drug trafficking charges. The suspects being held also have records for drug-related crimes.

According to a statement released by the spokesman, about two months ago the Jerusalem Narcotics Squad received a tip about the scam. Detectives discovered that for several months Abutbul had been mailing cocaine to contacts here.

The drug was placed inside greeting cards, with coffee grinds used to disguise the smell. The greeting cards were then placed inside packages, which were sent to the contacts.

Abutbul, several of whose relatives are allegedly involved in the smuggling ring, opened an account at Mercantile Bank in New York, with his contacts paying for the drug through a branch of the bank in Jerusalem.

'Red Sea area environmental catastrophe possible'

LIAT COLLINS

A LEADING environmentalist has warned about a possible environmental catastrophe in the Red Sea area if the states bordering it continue expedited and unsupervised development on its shores.

According to Tel Aviv University's Prof. Yossi Loya, Egypt, Israel and Jordan all have extensive and ambitious development plans for the next decade, which could cause irreversible damage to the Red Sea and its coastline. Loya made his statements on the eve of the inauguration of the Porter Environmental and Ecological Research Super Center at TAU, which has declared today "environment day."

Loya used the Red Sea as an example of the possible benefits of cooperation in an age of peace, the sort of cooperation which the new center hopes to foster, he said.

"Pollution knows no borders, and therefore there is no alternative to regional cooperation on environmental matters," he said.

The new center will encourage interdisciplinary study of environment-related studies.

Pediatrics society: No automatic iron supplements to infants

JUDY SIEGEL

THE Israel Pediatrics Society is recommending that iron supplements should no longer be given automatically to infants up to the age of one year, if they get enough from iron-enriched milk formulas and cereals.

In a separate statement, Kupat Holim Clalit pediatrician Dr. Dani Wolf claims that the Health Ministry's policy, recommended in *tipai halar* (family health) centers, of giving iron supplements to all babies from birth to age one is "outdated." It was, he wrote, based on the circumstances of a decade ago, in which iron-enriched foods were not commonly part of babies' diets.

He warned that a surfeit of iron

"endangers health; it weakens the immune system and may harm the heart, liver and other organs."

Writing in the latest issue of *Eitanim*, the Kupat Holim Clalit monthly, Wolf says that various studies have shown that only 2.9 percent of babies are anemic, and most of them are only marginally so. "Fewer than one percent need iron supplements," he said.

The pediatrics society recently recommended that iron supplements should not be given to those babies known to get an adequate amount of iron through enriched formulas and cereals. In the event

of doubt about how much of these enriched foods a baby gets, the iron supplement should be given, however.

Asked to comment, Dr. Avraham Reshef, head of the Health Ministry's nutrition department, said that babies are given seven to 15 milligrams of iron a day "not to eliminate anemia, but because iron at that age is important to meet other health needs."

But Reshef said that a ministry survey of how much babies consume from enriched formulas and cereals will be completed in a few weeks, and the ministry will then consider whether to change its iron supplement recommendations.

Disease may lead to fresh meat shortage

LIAT COLLINS

THE Cattle Breeders Association has warned of a shortage of fresh meat within two weeks because of the continued epidemic of foot-and-mouth disease in most of the North.

The Agriculture Ministry's chief veterinarian has banned slaughter of livestock for food in the Golan, Galilee, and Jordan Valley, according to ministry spokesman Ronni Hassid, who added that transport of cattle be-

tween farms has also been banned.

"We are attempting to combat the disease by vaccinating cattle and preventing contact between infected herds," he said. So far, 400,000 head have been inoculated.

The disease appears to have spread to Israel from Jordan last month and has now been detected

in herds in 19 sites.

The latest outbreak is in Bukata in the northern Golan and in the Kinneret area.

Hassid said the ministry could no longer enforce its regulations in the Jericho area, where the disease has also been found.

The chief veterinarian is scheduled to meet with farmers next week to discuss the situation.

Lubelsky to draft consumer legislation

JOSE ROSENFELD

DEPUTY Industry and Trade Minister Masha Lubelsky has directed her office to draft consumer protection legislation that will cover all products and will establish their service and warranty requirements, the ministry announced this week.

Lubelsky pointed out that under a 1957 emergency law, consumer protection provisions only apply to refrigerators, freezers, televisions, video recorders and remote control panels, washing machines, solar and electric water heaters, residential

heating systems, cash registers and, partially, elevators.

The existing provisions regulate their licensing, import, sale, labeling, servicing requirements, maintenance and supply of parts, extent of warranty coverage, service contracts and their formulation, laboratory requirements, user directions, etc.

According to Lubelsky, in the past few years many consumers who have received product warranties have been charged for labor, parts, or shipping for repairs

covered by the warranty.

When purchasing products, consumers are not aware of the warranty's conditions and only receive whatever information the seller provides.

To protect consumers buying goods not covered by the law, she is drafting a law that will cover all products and which will set their service and warranty requirements.

Lubelsky is coordinating the legislation with the Justice Ministry, consumer groups, and chambers of commerce.

056 porno phone calls by request only

JUDY SIEGEL

ALL telephone subscribers will be disconnected from the 056 phone service - which has become primarily a vehicle for pornography-by-phone - and be reconnected only if they request it. Communications Minister Shulamit Aloni said yesterday.

"Legitimate" phone information services for a fee will be instituted, using a different prefix, she added. These were among the recommendations made by the Procaccia Committee, which probed complaints on 056 services. Thousands of subscribers said they had been billed for 056 calls, even though they had "never" dialed them, and Bezeq refused to collect unpaid bills for the 056 companies.

Aloni said that in the near future, 056 lines would be allowed to carry not only the sex messages, but also astrology, betting games and entertainment. The new information service would provide only serious information, from legal and medical advice to stock-market figures.

Aloni said before the recommendations are implemented, the ministry would have to devise ways to monitor the lines, to prevent entrepreneurs with a license to provide "legitimate" information from providing pornography-over-the-phone services, and vice versa.

No chance 'flesh-eating' germs can spread here

JUDY SIEGEL

THE Health Ministry yesterday tried to calm fears about the possibility that an "uncontrollable, flesh-eating bacterium" that has killed a handful of people in Britain could appear here.

"There is absolutely no danger," said Prof. Ron Dagan, head of the pediatric infectious diseases department at Soroka Hospital in Beersheba, who is also an adviser to the ministry.

Dagan, who contacted the National Public Health Laboratories in London, learned that the outbreak of the mysterious bacteria was localized.

"Each year in Israel, there are about 20 patients who suffer sudden infection of the soft tissues. They are given antibiotics, and in rare cases have to have surgery. But the type found in Gloucestershire is especially virulent, and there are no other cases outside the small southern English county," Dagan said.

So far in Gloucestershire, 10 people have come down with the infection, and five of them have died after their flesh was literally eaten away.

Arson suspected in five of eight central region fires

LIAT COLLINS

EIGHT fires, five of them apparently the result of arson, broke out in the central region yesterday, according to Nature Reserve Authority officials.

Five arson sites were discovered in the fields of Moshav Aderet and in the Ela Valley bordering the Nahal Sorek nature reserve. Two fires, one in Beit Kama and the other in Ben Shemen, were the result of military training activities. A third fire at the Ness Harim swimming pool, which also threatened the Nahal Sorek reserve, was apparently the result of negligence by a worker who burned garbage there.

At Moshav Aderet, the fires were contained only after 150 dunams of young woodland and 70 dunams of wheat were burned. A man was seen fleeing the site of the arson attacks and apparently crossed the Green Line, according to an NRA spokeswoman.

At Ness Harim, five dunams of natural woodland were destroyed before being brought under control.

Some 800 dunams of grazing fields were destroyed by the Beit Kama fire, while 700 dunams of woodland were still burning in Ben Shemen yesterday evening.

Ravitz calls for abolition of Law of Return

BATSHEVA TSUR

UNITED Tora Judaism MK Avraham Ravitz has called for the abolition of the Law of Return, following revelations that thousands of non-Jews have immigrated here with forged documents.

Ravitz said he would prefer to rely on the investigations made by Interior Ministry representatives, than on a law that could be circumvented by false papers.

Speaking on Israel Radio, Ravitz added, "It is absurd that the police have not taken action against people who publish telephone numbers for [obtaining] false documents in the Russian-

language papers."

The subject was debated at a meeting of the Knesset's aliya committee Tuesday, where Population Registry head David Efrati said that 300 immigrant families had been sent back to the CIS in the past year, after it was discovered they had entered Israel under false identities.

Efrati said authorities in the CIS were cooperating with Israel in establishing the true identities of persons wishing to come here. Efrati also revealed that, during

this period, 29% of the immigrants had not been registered as Jews because they were unable to prove their Jewishness. Efrati noted, however, that the percentage of non-Jews coming from the CIS was lower than that of non-Jews from other Eastern European countries.

Under the Law of Return, immigrant rights are granted to a person whose grandfather was Jewish, even if he himself is not Jewish. An immigrant is supposed to be registered as Jewish, however, only if he is born of Jewish mother or has been converted.

NEWS IN BRIEF

First collaborator surrenders

A Gazan who cooperated with the Israeli authorities surrendered himself to the Palestinian Police on Monday, the first such move by a Palestinian collaborator, a Palestinian source reported.

The source said the man was immediately arrested for questioning. He said the man arrived at Palestinian Police headquarters in Gaza City on Monday night, declaring he had worked for the Israeli security services.

litim

Intifada violence up in capital

Intifada-related unrest has sharply increased in the capital this year, Jerusalem Police chief Arye Amit said this week.

Amit said the major factor was the Hebron massacre, which sparked widespread unrest among Arabs in the city that has yet to dissipate.

The number of intifada-related incidents, however, has begun to fall, since the peak reached immediately after the massacre, Amit told the Knesset interior committee.

Nearly 2,000 such incidents were recorded the first four months this year, compared to just over 1,500 in the same period last year, he said.

US appeals Demjanjuk case

The US Justice Department appealed to the Supreme Court on Tuesday against a ruling that its prosecutors had committed fraud in prosecuting accused Nazi death camp guard John Demjanjuk.

At issue is a ruling by a US appeals court in Cincinnati in November overturning the 1986 order extraditing Demjanjuk to Israel on the grounds that Justice Department lawyers had committed fraud in their handling of the case.

Reuter

Honor to anti-smoking crusader

Amos Hausner, head of the Israel Society for the Prevention of Smoking, will be one of several recipients of a commemorative "Tobacco or Health Award" from World Health Organization director-general Dr. Hiroshi Nakajima.

Hausner will receive the medal as part of World No-Tobacco Day observances on May 31. He and his organization have been credited with halting tobacco advertising during TV broadcasts of sports events and the cancellation of a government decision to give subsidies to a local cigarette factory.

Strauss extortion suspect held

The man suspected of trying to extort NIS 200,000 from Michael Strauss by threatening to poison his company's products, was remanded for six days by Tel Aviv Magistrates Court yesterday.

Yosef Topaz's lawyer asked that his client be placed in a mental hospital; however, the judge ordered Topaz to undergo psychiatric evaluations while in custody.

Another mutilated dog found

For the third time in three weeks, a mutilated dog has been found in the Tel Aviv area. Police, who said they are probably hunting for a psychopath, have started an investigation following yesterday's discovery in Ramat Gan of a dog with its abdomen slashed open.

Winning cards

In yesterday's Mifal Hapayis daily Chance card draw, the lucky cards were the nine of spades, eight of hearts, jack of diamonds and king of clubs.

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Tsapari - 375 points. Tel: 03-491343

Ashkeloona - 400 points. Tel: 07-739971/0

Loona Park - 475 points. Tel: 03-6427080

Superland - 475 points. Tel: 03-96109065

Metsoke Dragot - 3rd ticket free for Desert Safari - 200 points

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* Further details in the "Gift from Visa" booklet, pages 40-41.

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Japanese Emperor Akihito dons rubber boots to plant rice seedlings in a paddy field at the Imperial Palace in Tokyo yesterday for harvesting in autumn as an offering at the Ise Grand Shrine. (Reuters)

University president orders removal of controversial Malcolm X mural

SAN FRANCISCO (AP) — A campus mural honoring Malcolm X was painted over early yesterday on orders from San Francisco State University's president, who decried the mural's depictions of Judaism as "utterly abhorrent."

"We had a moral and legal obligation to rid our campus of the divisive and hateful images within the mural," President Robert Corrigan said in a statement.

Corrigan gave the artist two choices Tuesday: paint out the offending symbols — including Stars of David connected to dollar signs and the phrase "African blood" — or the entire 3.8-square-meter mural would be obliterated.

Senay Dennis refused to amend his mural, unveiled just last week, insisting it was not meant to offend Jews but instead represents Malcolm X's anti-Israeli sentiment. Most of the mural, painted on a wall at the main entrance to the Student Union, was a portrait of the fiery black leader who was assassinated in 1965.

Workers painted over the mural

with grayish-white paint in the middle of the night while several students watched.

The mural's left side featured a US flag, several dollar signs, Stars of David, a skull and crossbones and the words "African blood."

"If we were to allow the mural to remain as it is, we would be contributing to a hostile campus environment, one which says to students: 'We tolerate intolerance; we are silent in the face of bigotry,'" Corrigan said.

The work was splattered with red paint early Friday, then repainted.

English teacher Lois Lyles was arrested last Thursday after she tried to write "Stop Racism" next to the mural and paint over the controversial symbols.

"Bigotry and intolerance shouldn't be allowed to exist unchallenged," said Lyles, who is black.

Dennis didn't explain the mural's meaning during the unveiling on May 19. Malcolm X's 69th birthday. "We don't owe white

folks an explanation," he said then.

"No matter what he says his intention is, the effect of those Stars of David being displayed has a chilling effect on the Jewish students living on campus," said Marty Potrop, executive director of Hillel, a Jewish student center near the university.

Before the removal order was announced, dozens of students gathered Tuesday, engaging in sometimes heated debate.

A group of black students sat in front of the mural organizing a petition drive to keep it.

A sign taped across the bottom of the mural read "Censored by Administration."

A student government committee approved the mural before it was painted.

"This is not a free-speech issue," Corrigan said. "It is the case of a commissioned artwork, placed without final approval and with widely offensive elements, as a permanent part of a state building."

Flesh-eating bacterium claims more victims in Britain

British media give lurid coverage to the outbreak

LONDON (Reuters) — British doctors said yesterday they were checking reports that as many as nine people had died from a virulent version of a common bacterium that dissolves fat and muscle, quickly killing many of its victims.

They urged calm after sensational media coverage of the outbreak, in which at least seven have died this year. About 10 people usually die from the infection per year in Britain.

"There's a lot of scaremongering. Everybody's who's got a sore throat thinks they've got it," said a spokesman for the government Public Health Laboratory Service (PHLS).

He said the agency was trying to decide how to coordinate checks on the outbreak of streptococcus A infection. Hospitals across Britain have been reporting cases after a cluster, or mini-epidemic, was reported in Gloucestershire, western England.

Doctors said a 57-year-old man and a woman in her 60s had died at a hospital in Winchester, southern England yesterday and officials at another hospital in southern England con-

firmed a 58-year-old woman died last month.

Health officials urged the public to keep calm, explaining that anyone with the infection would be very ill with fever, diarrhoea, skin blistering and other clear symptoms.

British media have given lurid coverage to news of the outbreak. "Killer bug ate my face," was the front-page headline in the tabloid *Star* newspaper, which interviewed a man who needed skin grafts after surviving an attack by the bacteria.

The Dutch National Health and Environmental Protection Agency said a study revealed 21 people had died of the infection in the Netherlands since 1992.

"The number of cases is very low and spread around the country. This is not an epidemic situation," a spokeswoman for the agency said.

Norwegian doctors who fought an outbreak in 1988 said the bacteria seemed to use a "slime capsule" to evade the body's natural defenses.

In Bonn, Health Minister Horst Seehofer

demanding a quick report from the national health agency on whether any cases of the flesh-eating bacteria were known in Germany.

Officials in New Zealand said they had also recently treated patients with the disease. Diana Martin of the New Zealand Communicable Diseases Center said it was important not to get things out of proportion. In most cases it was treatable by penicillin and she would contact British authorities to find out more about the outbreak.

Streptococcus, which caused childbed fever, scarlet fever and rheumatic fever in the past, and which killed Muppets creator Jim Henson, in 1990, can mutate quickly into virulent forms.

It exists naturally in about 10 percent of people, usually staying harmlessly at the back of the throat. At most, it usually causes an easily treated sore throat.

But it can also cause necrotising fasciitis, in which the bacteria literally dissolve tissue, causing the skin above to die and leading to deadly gangrene.

Solzhenitsyn set for journey home

CAVENDISH, Vt. (AP) — Nobel laureate Alexander Solzhenitsyn was to begin his long trek back from exile yesterday to confront the political chaos that has replaced communism in his beloved Russia.

Solzhenitsyn predicted long ago that communism would fall during his lifetime and he would be able to resume life in his homeland.

He has planned such a return for nearly all the 20 years he has lived in exile, first in Europe and, for the past 18 years, in a town of 1,325 people in southern Vermont.

"I hope that I can be of at least some help to my tortured nation, although it is impossible to predict how successful my efforts will be," Solzhenitsyn told the people of Cavendish in a farewell message delivered at their annual town meeting in March.

Those may well be the great writer's last public words in Cavendish, where he has said he has done some of his best work.

One of his sons, Ignat, told reporters that his father expected little more than a goodbye wave as he and his entourage pull out of the family's isolated, wooded compound today.

Alexander Solzhenitsyn has devoted himself to his writing during the past two decades, completing *The Red Wheel*, a multi-volume historical novel of Russia, during his Vermont years.

But it was *One Day in the Life of Ivan Denisovich*, *The First Circle* and *The Gulag Archipelago* that exposed the terror of Stalin's rule and challenged the silence of his contemporaries. The writing earned him the Nobel Prize for literature in 1970, and exile on charges of treason four years later.

Natalya Solzhenitsyn has said she and her husband plan to travel across Russia, beginning in the Far East.

The family's travel plans have not been made public, although there have been reports they would pass through Seattle and Anchorage, en route to Russia.

British Labor Party to name head in July

LONDON (Reuters) — Britain's opposition Labor Party said yesterday it would hold leadership elections next month and a successor to the late John Smith would be named on July 21.

Labor's National Executive Committee (NEC) said nominations would open on June 10, a day after European Parliamentary elections in which it expects to trounce the ruling Conservatives. The poll of Labor members, trade union backers and politicians would be under a one-vote preferential system.

Smith's death from a heart attack at 55 on May 12 shattered a party which has a huge poll lead over the government and senses power is within its grasp after almost 15 years in opposition.

Party leaders were desperate not to let a lengthy leadership campaign remove the spotlight from deeply unpopular Prime Minister John Major and his divided Conservatives.

The vote for an early election,

rather than one running up to the party's October conference, was virtually unanimous with only two NEC members voting for a longer campaign.

In a surprise move deputy leader Margaret Beckett, in charge of the party since Smith's death, said she would effectively step aside to allow both the leader and deputy leader posts to be decided in the same ballot. Beckett, appointed with Smith in mid-1992, did not rule out standing for either or both jobs.

Labor home affairs spokesman Tony Blair is favorite among bookmakers and many of his colleagues for the leadership, followed by finance spokesman Gordon Brown.

Both are toward the right of a party which has abandoned old style socialism through a long and bitter reform process during years in opposition through the 1980s. The left wing of the party appears to be favoring tough-talking employment spokesman John Prescott for the leadership.

Flowers offers public her Clinton tapes

NEW YORK (Reuters) — Can't read or hear enough about President Clinton's alleged sexual misdeeds? Then Jennifer Flowers has come to your rescue.

Flowers, who claimed during the 1992 presidential primaries that she had a long affair with Clinton, resurfaced Tuesday at a rowdy press conference to announce that she is now selling for \$19.95 almost an hour's worth of her secretly-taped conversations with the president.

At no extra charge, she includes a written transcript of the tapes and a preface in which she details her alleged affair and repeats a claim that she had an abortion of a child conceived with Clinton. He has steadfastly denied ever having had an affair with her.

Before being hit by a barrage of questions, Flowers read a three-page statement denying that she was a "bimbo" or a "plotting, money-hungry, gold-digger" or that she was acting in concert with Paula Jones, who last month sued Clinton for sexual harassment claiming he tried to have sex with her in a hotel room while he was governor.

She said she doubted Jones' story because: "Bill won't sexually assault women."

Flowers denied that she was selling the tapes to make money, saying that while she would not mind a profit, she was really trying to clear her name and was only doing the marketing herself because she could not find a publisher for a book she wanted to do.

"I realized that if the lies and the cover-up were ever going to end, I would have to bring the truth directly to the American people myself," she said.

Portions of the tapes were released during the 1992 campaign and almost torpedoed Clinton's bid for the Democratic presidential nomination.

The portions released during the campaign turn out to be the best of four secretly-recorded meandering conversations that include such things as a Clinton denial of having an affair with her.

"I wish I was guilty of all this stuff with you," he says at one point. The only unseemly comments on the tapes are made by Flowers and Clinton's reaction is to say "What" as if he did not understand what she was talking about.

One reporter asked Flowers why she just didn't go away because people "were tired of her story" and Flowers replied: "You are not the first reporter I've met who is inaccurate."

Another reporter known as Stuttering John, who works for radio personality Howard Stern, asked Flowers to describe Clinton's genitalia and favorite sexual position which she angrily refused to do.

"I will not respond to sarcasm or absurdity," she said.



Jennifer Flowers gestures angrily in response to a question during a news conference in New York. (AP)

Trial date set for Maxwell's collapsed empire

LONDON (Reuters) — Britain's Serious Fraud Office said yesterday the criminal trial over Robert Maxwell's collapsed business empire would finally begin in October, three years after the media tycoon died mysteriously at sea.

The SFO said in its annual report the six people charged earlier in connection with the office's long

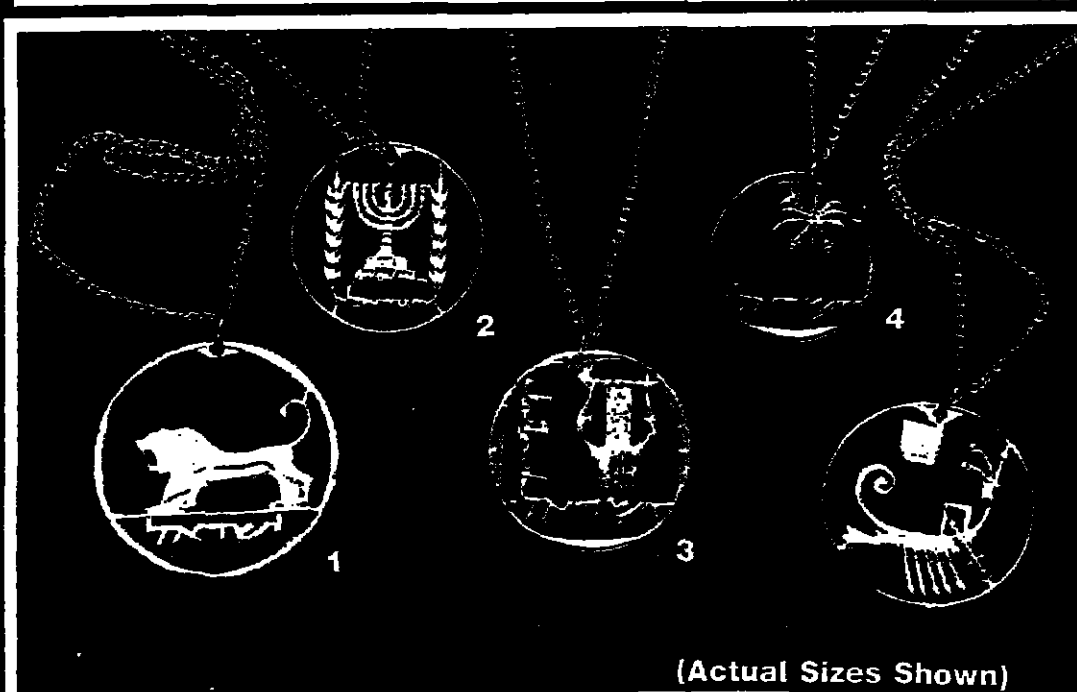
investigation into the Maxwell saga would go on trial, but it gave no names.

The six men who were charged in 1993 — Maxwell's sons, Kevin and Ian, Larry Trachtenberg, Robert Bunn, Albert Fuller and Michael Stoney — were accused of conspiring with Robert Maxwell, or shortly after his death, to de-

fraud banks, other companies and Maxwell company pension schemes.

Investigators said shares were illegally taken from pension funds and handed over to banks as collateral for loans that Maxwell used to try to prop up troubled companies.

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'Germans must not look away from Nazi era,' says Roman Herzog

BONN (AP) - Germans must not look away from the Holocaust, but stressing the country's guilt is not the best way of dealing with the past, said President-elect Roman Herzog.

Herzog, Chancellor Helmut Kohl's candidate for the presidency, won the office on Monday in a vote by a special assembly that convened at the Reichstag in Berlin.

The 60-year-old Herzog, chief judge on Germany's highest court until he assumes his new post on July 1, has been criticized for not mentioning in his Monday acceptance speech Germany's seven million foreigners or neo-Nazis who have been attacking them for nearly four years.

In an interview conducted by the weekly newspaper *Die Woche* in early May and released yesterday, Herzog expressed his views on the neo-Nazi scourge and on Adolf Hitler's Third Reich.

Herzog called on Germany's justice system to "deal head-on" with the radical right and said he has little use for nationalism.

"I don't think national feeling or even national pride - a term I approach with the greatest caution - can still be a motivator of our people. But a feeling of togetherness is something we absolutely need," Herzog said.

"I don't love the state or any other institution. I love humans. I also love the German people, but in a very sober way," he said. Herzog said now is not the time for Germans to put the Nazi era behind them, as suggested last year by Steffen Heitmann, the controversial Saxony justice minister who was Kohl's first candidate for the presidency.

"I have no use for this idea that the post-war era is over," Herzog said.

Herzog said Germany must always be ready "to draw conclusions from the hideousness of the [Nazi] extermination of Jews and other minorities."

However, he added, "I have never placed the primary accent on prior guilt, but on drawing lessons for the future."

Herzog's statements on the Nazi era are often hazy, in contrast to his predecessor Richard von Weizsäcker, who used the presidency as a pulpit from which to deliver impassioned moral admonitions.

Herzog's critics say he should stop making opaque statements about the past if he wants to be seen as Germany's moral conscience, as Weizsäcker was during his 10 years in office.

Mandela says he would consider amnesty for white extremists

CAPE TOWN, South Africa (AP) - Continuing his bid to erase racial divisions, President Nelson Mandela met a right wing leader yesterday and said he was willing to consider an amnesty for white extremists, including those accused of bombings that killed 21 people last month.

"The sole principle is whether a particular decision will contribute to nation-building and reconciliation," Mandela, the nation's first black president, told reporters after meeting with Conservative Party leader Ferdi Hartzenberg.

The talks covered several issues - amnesty for right wingers, a license for a right wing radio station and setting up a white-dominated territory in South Africa - and showed Mandela's desire to keep channels open with whites who oppose black rule.

Hartzenberg, who boycotted last month's all-race election that brought Mandela's African National Congress to power, described the talks as frank and constructive in an unusual display of cooperation.

"At least we can now say that there is hope that we can accommodate our people," he said of his group's demand for a homeland where whites can govern themselves.

Mandela and other ANC officials have previously said there would never be a whites-only territory. Hartzenberg appeared to accept the concept Wednesday of a white-dominated region that would remain part of South Africa.

He called for a homeland "not at the expense of anybody but to contribute its full ability to the development of the country."

After the talks, Mandela said he was willing to meet again with Hartzenberg and with Eugene TerreBlanche, leader of the neo-



South African President Nelson Mandela (l) addresses a press conference with Conservative Party leader Ferdi Hartzenberg in Cape Town yesterday. (AP)

Nazi Afrikaner Resistance Movement that vows to fight a black-led government.

Thirty-two members of TerreBlanche's group, known by its Afrikaans-language initials AAW, were released on bail last week after their arrests in connection with bombings linked to the election.

The bombings, including one near the ANC national headquarters in downtown Johannesburg, killed 21 people and wounded scores, but failed to prevent voting

from proceeding as scheduled.

In his inauguration address and his first state of the nation address, Mandela said amnesty for political crimes would be considered to erase the bitterness of the past.

Yesterday, he said it was premature to talk about an amnesty for the AAW men but added he would not rule it out if they get convicted.

Former president F.W. de Klerk, now a deputy president to Mandela, granted amnesty to ANC officials and other anti-

apartheid figures, as well white extremists convicted of political crimes prior to October 8, 1990. Mandela has said his government would study an amnesty covering all parties for political crimes committed after that date.

TerreBlanche has generally refused to meet with the ANC, which he considers a communist group, and an AAW statement yesterday said all AAW political prisoners - whether convicted or awaiting trial - must be given amnesty before any talks with Mandela could occur.

Both sides ignore cease-fire in Kigali

NAIROBI (AP) - Rebel and army gunners ignored a truce in Rwanda's capital yesterday, pounding Kigali's center with mortar fire that hit a Red Cross hospital and killed two people.

As humanitarian aid remained cut off by the fighting, a UN official said 9,500 people under UN protection around Kigali, mostly women and children, have gone without food and water for three days.

"As the siege of Kigali goes on, the situation is going to get worse," Roger Carter of the UN Children's Fund told reporters in Nairobi. "In the next 10 to 14 days you are going to see malnutrition in Kigali."

Although both sides agreed to extend a shaky truce for a third day yesterday, UN officials could not get them to hold fire long enough for the UN special envoy's convoy to leave the city for talks with the interim government.

Rebel shells pounded presidential guard and army barracks in

Kigali's heart and near the defense ministry. Army guns hit at rebel positions just outside the city center.

One shell hit the Red Cross hospital in a government-controlled section of the city, killing two local Red Cross workers and wounding five of the 300 patients, Red Cross spokeswoman Susan Matinda said in Nairobi.

Fighting has stopped deliveries of food and water for three days to all but 3,000 of the 12,500 people living under UN protection at 11 sites around Kigali, Carter said.

"The others are living without water and without food," he said. Since UN troops also have not been resupplied in five or six days, Carter said little room remains for relief goods on the next flights into the city.

Carter, who left Kigali on Tuesday, said thousands of people were still fleeing the city. He estimated no more than 50,000 to 70,000 people remained in the city that was home to 350,000.

Northern forces make gains on Yemen front

AL-ANAD FRONT, Yemen (Reuters) - Northern Yemeni forces were advancing towards Aden from the north yesterday but had been firmly repelled in the west and unable to breakthrough in the east to complete a siege of the southern stronghold.

Visits to all three fronts saw northern shells slamming closer to the city than on previous days but life in Aden retained its outward calm and normality.

Southern aircraft, which have largely dominated the skies since the civil war started on May 4, were seen taking off from Aden airport in repeated sorties against northerners.

Yemen's Sana'a-based President Ali Abdullah Saleh has vowed to capture Aden and overthrow its rulers who declared a

separate republic last Saturday. Air power apparently played a major role in repelling a massive assault west of the city.

An official statement and southern officers said northern tanks had tried to advance on Salafudin military camp northwest of Aden in the past few days but were forced to retreat. They had withdrawn to positions close to the former border between North and South Yemen at Bab al Mandeb, which overlooks the southern entrance of the Red Sea.

This was the second major attack on that front within a week. A column of tanks tried to attack Salafudin camp, which controls the western approaches to Aden, a week ago. It was also driven back, with heavy losses in men and armor.

Final toll in haj stampede still unclear

DUBAI (Reuters) - The final death toll and the identities of scores of Moslem pilgrims killed in a stampede near Mecca during the haj may not be known for several days, diplomats in Saudi Arabia said yesterday.

"The situation is still very confused and it'll be a number of days before we know how many people were killed," one said, adding that most of the dead were apparently not carrying any identification.

Reports from journalists covering the annual pilgrimage for Mos-

lem media and accompanying the pilgrims from their countries of origin have put the total killed in Monday's stampede at more than 200. The dead were mainly from Asia and Africa, they said.

Saudi Arabia has yet to make any specific statement on the incident, which witnesses said broke out as people crowded at an enclosure at Mina where pilgrims hurl stones at three piles of rocks symbolizing the devil. Mina is 15 kilometers from the holy city of Mecca.

BBC strike called off; talks set

LONDON (Reuters) - BBC journalists and technicians yesterday called off a second 24-hour strike planned for this Friday as both parties agreed to conciliation talks.

Staff who are members of the National Union of Journalists (NUJ) and broadcasting union Bectu will hold talks with the British Broadcasting Corporation today in an effort to end a dispute which led to a one-day staff stoppage on Tuesday.

The 24-hour strike disrupted television and radio news and live programming, with flagship Radio Four news programs "Today" and "The World at One" reduced to brief bulletins.

The dispute follows management proposals to introduce performance-related pay and other changes, which the unions say would have led to longer working hours and lower pay.

The two unions, which cover some two-thirds of the BBC's 20,000 British workforce, say there was a virtual 100 percent response from its members for the one-day stoppage this week.

The BBC is trying to modernise its pay and allowance structure as part of a plan to save 50 million pounds (\$75 million) this year, and the Corporation's director general John Birt has said changes are needed to make the BBC more competitive.

Mediators push for Bosnian cease-fire

TALLOIRES, France (Reuters) - International mediators yesterday urged Bosnia's warring Moslems, Serbs and Croats to call a quick cease-fire in their two-year conflict and accept a map splitting the country in two, informed diplomats said.

The mediators, members of a five-power "contact group" set up in April, were spearheading a new two-day effort to halt the Balkan fighting which has left tens of thousands dead and turned over half the population of the tiny state into refugees.

Cloistered behind police barriers in one of France's top-rated hotels on Savoy's Lake Annecy, leaders of the Moslem-Croat alliance and the Serbs met the mediators separately. It was not clear if they would later come face-to-face.

The mediators themselves refused to talk to journalists when contacted by telephone in the lakeshore hotel, which also houses one of France's best-known gourmet restaurants.

Diplomats said the contact group wanted to keep the three

factions away from reporters and television cameras during the two-day gathering, fearing that public posturing would wreck the already slim hopes of an agreement.

Bosnian Serb official Momcilo Krajisnik, chairman of his community's parliament, emerged from the garden of the one-story complex in late afternoon to stroll past the barricades and make a brief, enigmatic statement on the talks.

"They are progressing in the way we expected," he declared. "It's just a consultative meeting, an exchange of ideas. These are not negotiations. It's just a beginning."

No other official information was released, but sources with access to the talks said their main thrust was on a halt to the fighting, at least for a four-month period, and on the map.

A temporary ceasefire is opposed by the Serbs, who fear it would only be used by the Moslem-led Bosnian government's army to build up its offensive capacity. The Moslems say the most they will agree to is a two-month suspension.



Three Sarajevo teens play volleyball yesterday in Hrasno, the southwest part of the city. After more than 100 days of a cease-fire, residents feel more secure when they have to go out, even if they are close to the frontlines. (AP)

A Journey Through Illusions

Kurt Lewin retells a series of personal adventures, each more surprising than the last... the horrors of the Holocaust in southern Poland, being sheltered by Archbishop Andrew Graf Szeptycki who saved his and many other Jewish lives, serving in the Polish Army. After wanderings as a displaced person, he arrived in Haifa with a boatload of Holocaust survivors, served as a commander in the Hagana during the siege of Jerusalem and later served as an officer alongside Moshe Dayan. He continued on to America where he reached the pinnacle on Wall St. and to Japan to witness the building of a superpower. "There is much passion and pain in Kurt Lewin's volume which must be read if one wishes to understand Jewish concerns of today" Eli Wiesel. Hardcover 461 pp. Fithian Press. JP Price NIS 69.00

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Dedication of the Susy Lobstein Cafeteria in memory of Susy Lobstein in the presence of her sister, Sylvia Simko President of TAU's Friends Association in Argentina

Lecture

Prof. Arie Nadler

Dean of the Faculty of Social Sciences

The Move from War to Peace: A Process of Social-Psychological Change

on Friday, May 27, 1994 at 12:30 p.m.

in the Israel Pollak Wing (003)

Natfali Building of Social Sciences

Tel Aviv University Campus, Ramat Aviv

Entrance through Josef Kriyas Gate (5) and Ramkessan Gate (4)

The public is invited

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A progress report

SENIOR defense officials yesterday assured the press that the state of the agreement with the PLO is not as worrisome as it seems. "There is someone to talk to, there is a partner in the field, and there are those who are making an effort to make the agreement work," was the message, delivered by Prime Minister and Defense Minister Yitzhak Rabin himself.

In fact, said Rabin and other officials, the performance and conduct of the Palestinian policemen - who seem remarkably disciplined and motivated - are better than anyone had the right to expect. The difficulties and minor incidents in Gaza and Jericho since the handing over should be viewed as no more than transition pangs. They are due mostly to the Palestinian Police's unfamiliarity with the rules.

Rabin would judge the Palestinians by their deeds rather than by the provocative pronouncements of their "chief spokesman." PLO chief Yasser Arafat's speech about jihad interests Rabin less than the way officers in the field fulfill the agreement's provisions. Nor does he have time for Arafat's latest newspaper advertisement, adorned with the map of "Palestine" covering the areas of Israel and the territories. That the ad decreed the "cancellation" of Israeli laws in the administered territories is "meaningless nonsense," said Rabin.

The government believes that the immediate test of the Palestinian Authority in Gaza and Jericho is whether it can provide security and eliminate terrorism in the self-rule areas, manage the day-to-day civil administration, and obtain the financing needed to provide employment for the population. At this point, there are severe shortages: there is no money for the police, no gasoline, no salaries for the bureaucracy, and even a shortage of food. Neither the Arab regimes nor the international community have come through with promised subsidies, mostly because Arafat refuses to abide by their conditions.

Both Rabin and the security officials have been sounding tough since Arafat's jihad speech. If the PLO will prove incapable of preventing terrorism in Gaza, the army will do it, they say. "There will be no one-sided violations," asserted Rabin on a tour of the south on Tuesday; Israel will not adhere to an agreement the PLO ignores.

His tone has been echoed by the army and the government. OC Southern Command Maj.-Gen. Matan Vilnay said the army has a contingency plan to reoccupy Gaza if the agreement is seriously violated. Government officials have explained that there are many measures in the Israeli arsenal short of out-

right abrogation of the agreement. The current closure imposed on Gaza "until the Palestinian police get organized" is one example. Others include preventing passage between Gaza and Jericho either by land or by air, curtailing water and electricity supplies, and suspending talks on the continuation of the process.

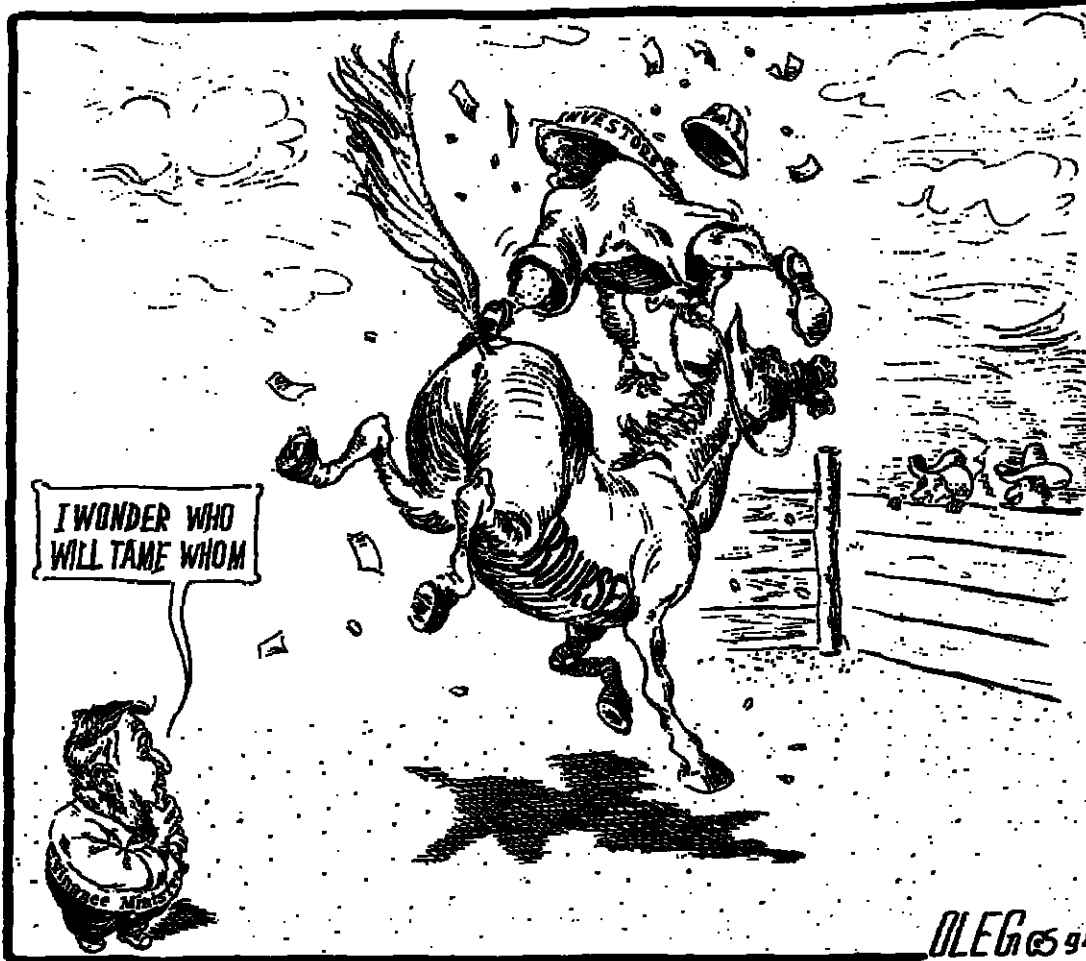
It is hardly surprising that army officers and political leaders with a military background remain unimpressed by speeches and pronouncements. Facts on the ground are what determines the outcome of a battle, not the hot air produced by politicians. But there is danger in assuming that the agreement is reversible simply because in military terms it obviously is. With or without a Palestinian army of 9,000 in Gaza, the IDF should have no difficulty in recapturing the district in less time than it took to evacuate it.

But to imagine such a move would be politically acceptable is to indulge in wishful thinking. The world may criticize Arafat for incitement and irresponsibility, as *The New York Times* did yesterday, but it does not consider "autonomy" anything but a prelude to full-fledged Palestinian sovereignty. It will not easily tolerate the reversal of the process.

That is why Arafat is interested in precisely the things Rabin derides: trappings of sovereignty like the decree announcing the change in the law of the land, and calls for jihad designed to inflame the Moslem world. The welfare and security of the inhabitants in the area now under PLO jurisdiction is obviously the last thing on his mind.

Rabin still believes that the agreement with Arafat was the best alternative. "Otherwise we would have to talk with Hamas," he says. But for all its rejectionism, Hamas has instructed its members to join the Palestinian police. At the Gaza funeral of Hamas terrorist Jihad Aspur on Tuesday, the pallbearers were officers of the newly commissioned PLO army known as the Palestinian Police. They honored the "martyr" with a gun salute, and one of the policemen kissed the dead man's face before burial. Two dozen armed members of the Hamas military arm, Izzadin Kassam, a group the police are committed to disarm, headed the procession of thousands of Hamas mourners.

Clearly, Rabin's contention that the choice was between the PLO and Hamas is unfounded. The alternative he failed to mention was negotiating strictly with the local inhabitants, as was stipulated in the guidelines for the Madrid talks. Recognizing the PLO in Tunis, an organization whose very purpose is the fomentation of war, ensured that real peace would stay out of reach.



Talk and build bridges

JUDI WIDETZKY

PACTS are signed by politicians. Peace is made by people.

The virtual about-face in the mutual perceptions of Israeli and Palestinian leaders as expressed in the Gaza-Jericho agreements hasn't yet trickled down to evoke change in the intuitive feelings and responses of ordinary people. Ultimately, it is day-to-day interaction between Israelis and Palestinians on the personal level that will either cement or undo the peace.

Two things must come about: a revolution in the way all inhabitants of this region think, and a total change in interpersonal relationships. There is no easy way to achieve this. It is a process.

A first step could be initiating simultaneous dialogues among four sectors:

- Between our political right and left. No matter that we represent divergent attitudes, we must recognize that the settlers are where they are out of conviction, and that any change in their status will be truly painful. It must be highly frustrating and alienating for them to feel that those who believe peace necessitates territorial concessions are insensitive to their personal sacrifice.
- We must find our way toward mutual understanding. Talking together should lead to a sense of personal binding, defusing the anger and alienation. Our goal should be to reestablish the partnership that will reunite us as a people.
- Between Jews and Israeli Arabs. Many Jews fear that a Palestinian entity will raise irredentist aspirations among Israel's Arabs. This will be true for some; but most Israeli Arabs support the creation of a Palestinian entity, while wishing to retain their citizenship in the body politic of Israel.

Jews who regard Israel as their homeland, yet remain loyal citizens of another country, should have no difficulty in identifying with "Palestinian Israelis." Nevertheless, we must empathize with the constant tension of a minority in a country with a Jewish majority. Israeli Arabs must be exposed.

to our true fears about the nature of the partnership between us. This dialogue must deal with joint aspirations for an equal and just society in Israel.

Arab Israelis have another vital role: to act as a bridge between us and the Palestinian entity in the making.

Politicians sign pacts. Ordinary people make or break peace

• Between Israelis - both Jews and Arabs - and Palestinians: If we are to live side by side, to create a "New Middle East," we have a long list of issues that will keep this dialogue going. Among them: structuring a democratic society, and our common interest in opposing extremists on both sides. For some years now, meetings have been held between Israeli women and Arab women from the West Bank. We have talked about all aspects of our lives - but only after recognizing each side's fears regarding the other.

We were all sincerely taken aback when we discovered how deep those fears ran. And yet, as a result of the discussions, each side understood their source and the logic behind them. This allowed the dialogue to continue on a more constructive and friendly level.

THESE ARE not simple dialogues. They are full of suspicion. But we have no alternative to communication, if we are to learn to live together.

It is essential that this dialogue not be restricted to women. The whole of society must take part. Only then can a program ensuring a common future of trust and mutual benefit be developed.

• Between Jews, those in Israel

and those still in the Diaspora. If the purpose of Zionism had only been to establish a state in this region, the first three dialogues would have sufficed. But our obligation to the Jewish people was to establish a state for all Jews.

This requires a renewed and altered dialogue between us and Diaspora Jews.

A century ago, Zionism rebelled against the Jewish establishment in the Diaspora and began to work toward a Jewish state. Coming to terms with peace will constitute no less of a challenge for today's Jewish community.

If the agreement with the Palestinians is a turning point in the history of Israel, Diaspora Jews will no longer be defending a state in physical danger. The partnership between us will no longer be based on reaction to threat, on one-sided neediness. It will have to be re-examined and redefined in an effort to accentuate positive messages.

Past dialogue has forged deep personal friendships; it has also opened up deep animosities. Jewish continuity has become a catchword that sometimes divides us, rather than joining us together, in our aims and efforts. We must rethink our lines of communication. The time has come to take this dialogue more seriously, to be more frank with each other in an effort to forge a true partnership.

An essential condition for the success of these four dialogues is trust between individuals. Trust is the basis on which cooperation can be built.

Tension is a constant factor in multinational political structures around the world, from South Africa to Canada. Perhaps Israel and the Palestinians can become a "light unto the nations," bringing a message of mutual trust, dispelling suspicion.

The politicians should continue to sign the pacts. The people will create the reality of peace.

The writer is chairman of the World Labor Zionist Movement and chairman of the Committee for Migrants and Refugees of the International Council of Women.

Numbers talk

ELI POLLAK

A minor but significant change has occurred in the 13th Knesset.

For the first time, every vote in the Knesset is tallied electronically. The Knesset archives now have a record of how each MK voted on any given issue, or whether he was even present to vote. Any MK up for reelection, whether through primaries or other means, can use his voting record to woo supporters. Equally, the record may be used by opponents and the public to censure an MK and force him out of office.

The Association of Professors for a Strong Israel recently formed a "Knesset Watch," whose purpose is to monitor the parliamentary behavior of all opposition MKs. The public has a right to know which MKs take their job seriously and which do not.

Statistics compiled on all no-confidence votes during the 13th Knesset paint a sad picture: Opposition MKs simply do not show up often enough for the simple task of raising their hands.

Jerusalem Mayor Ehud Olmert absented himself from 11 no-confidence votes; Ariel Sharon from eight (five after the signing of the Oslo accords); Avner Shai (National Religious Party) has been absent from nine votes. Yigal Bibi

Now there's a way to reward MKs who show up to vote, and punish those who don't

(NRP) from eight.

And why did Pini Badash of Tsomet fail to participate in five consecutive votes during May-June 1993? Is there any connection between United Tora Judaism's Avraham Shapira's financial woes and his 12 absences from no-confidence votes?

The accepted practice of MKs of opposing parties agreeing to "cancel each other out," (I don't show up, you don't show up) is immoral. It's like two business employees from competing firms agreeing that each will stop working, so neither company loses.

We are paying our parliamentarians to appear in the Knesset, not to stay away. Perhaps they should be treated like the rest of us, and have their salaries docked for inexcusable absences. (If we did that, some MKs would have to start paying the public!)

Contrasting the inactivity of these MKs is the grassroots opposition that has raised - and spent - large sums of money in a concerted campaign of civil disobedience.

Why hasn't the urgency of the cause - averting the tragic consequences of the government's policies - filtered through to the opposition MKs, the supposed leaders of the cause? Or is the intuitive feeling of many of us that they have no interest in this fight justified?

With such a poor attendance in key Knesset votes, it is no wonder that the government shrugs its shoulders at the opposition. The average no-confidence vote failed by a margin of 54 to 41.

Coalition partners appear regularly; 29 coalition MKs have absented themselves twice or less, but only eight opposition MKs can boast the same record.

Coalition MKs who have serious doubts about the wisdom of their party's policies will fight only from within the party. The fight from without, with such an apathetic opposition, is useless.

These attendance figures speak for themselves. It is time for the public to use them to make its voice heard.

There will soon be elections within the NRP, providing an opportunity to turn out those MKs who haven't been doing their job.

It will serve as a clear warning to all opposition MKs: get your act together. If you don't, your political career is over.

The writer is professor of chemical physics at the Weizmann Institute and a board member of the Association of Professors for a Strong Israel.

LETTERS TO THE EDITOR

FOREIGN RELATIONS AUTHORIZATION ACT

Sir, - Two significant dramas occurred recently, several thousand miles apart. In Cairo, Rabin and Peres were presiding over the dismantling of the Zionist dream, by following the Beilin script, while Arafat offered the whole world an insight into a brazen display of his deception. For this, the players perhaps deserve Oscars for play-acting, but certainly not Nobel Prizes for a peace which assuredly is not in the making.

Meanwhile, in Washington, a near-miraculous feat of blocking the PLO took place. Both houses of Congress enacted a new version of the Foreign Relations Authorization Act which includes a section on "Middle East Peace Facilitation," another term for stopping PLO terrorism. In it, release of any of the money earmarked for the Palestinians is strictly made subject to the PLO fulfilling to the letter its commitments of last September, especially the following: renounce terrorism and other acts of violence, assume responsibility over all PLO elements and personnel to assure compliance, prevent violations and discipline violators, call on the Palestinian people to reject violence and terrorism, submit to the Palestine National Council for formal approval of the necessary changes to the Palestine National Covenant eliminating

calls for Israel's destruction, renounce the boycott of Israel and urge the nations of the Arab League to end the Arab League boycott of Israel.

Congress demands certification by the President that these and other measures have been complied with before one cent is released to the PLO. To give teeth to this bill, a bipartisan congressional group - the Peace Accord Monitoring (PAM) group was formed to monitor on a daily basis the compliance or failure to comply by the PLO, so that no presidential certification whitewashing the PLO will be possible in the future.

Credit for these two acts goes mainly to the Zionist Organization of America (ZOA) headed by its new national president, Morton Klein, and CIPAC (Christians' Israel Public Action Campaign) under Israel's great Christian friend, Dr. Richard Hellman. It is noteworthy that - probably under the paralyzing influence of the Americans for Peace Now - neither AIPAC nor the Conference of Presidents of Major Jewish Organizations contributed visibly to this important blockage of unwarranted aid to the PLO.

DR. MANFRED R. LEHMANN
Miami Beach, Florida.

"SCHINDLER'S LIST" AND THE MOSLEMS

Sir, - Steven Spielberg has given a precious gift to all mankind in the form of a movie, *Schindler's List*. The movie encapsulates the tragic Jewish Holocaust during World War II in which six million Jews were murdered by the Nazis.

Schindler's List will be distributed to learning institutions, such as high schools, universities and public libraries, in an effort to avert other tragic and cataclysmic events. *Schindler's List* is more important than ever today, because we have in our midst historical revisionists who are trying to deny the truth of the Holocaust.

We need yesterday's testimony to save lives today, or we are doomed to repeat history over and over again, as we are now witnessing in Bosnia-Herzegovina, Rwanda and other places across the globe.

How sad, how ironic is that some countries today, predominantly Moslem, reject the facts and forbid showing *Schindler's List*, a viewing which serves as prescription against such behavior. It is an hour of need for their Moslem brethren who are facing genocide in Bosnia-Herzegovina, as some Moslems stand on the side lines of history, idly silent.

There is a need for redemption of the soul, hence the showing of *Schindler's List* in Moslem countries such as Malaysia, Egypt, Jordan, Syria, Iran and Iraq. Some of these very countries are involved in the current Middle East peace process, at some stage or another. Their refusal to recognize history and the lessons casts a long dark shadow on their intent.

We Christians invite the thus far silent majority voice of our Moslem brothers to speak up, take a baptism of truth and demand from their government the showing of the movie *Schindler's List*. This gesture of goodwill will be one small step towards universal love and understanding amongst all nations.

CHRISTOPHER McBRIDE
Los Angeles.

GENEROUS OUTPOURING OF SUPPORT

Sir, - For some time I have been meaning to write and express my heartfelt thanks for the publication of Netty C. Gross's "Angel in a housecoat" that appeared in your Pessah supplement.

The response to the publication is literally worldwide and contributions continue to arrive from the US, Australia, the United Kingdom, Switzerland, Canada and of course from Israel. The donations vary in size - from \$10 to several thousand dollars - but the accompanying letters were identical in expressing support for the work I am trying to do and the writer's wish to be part of it. In this respect you functioned as the finger of the Almighty that created the oppor-

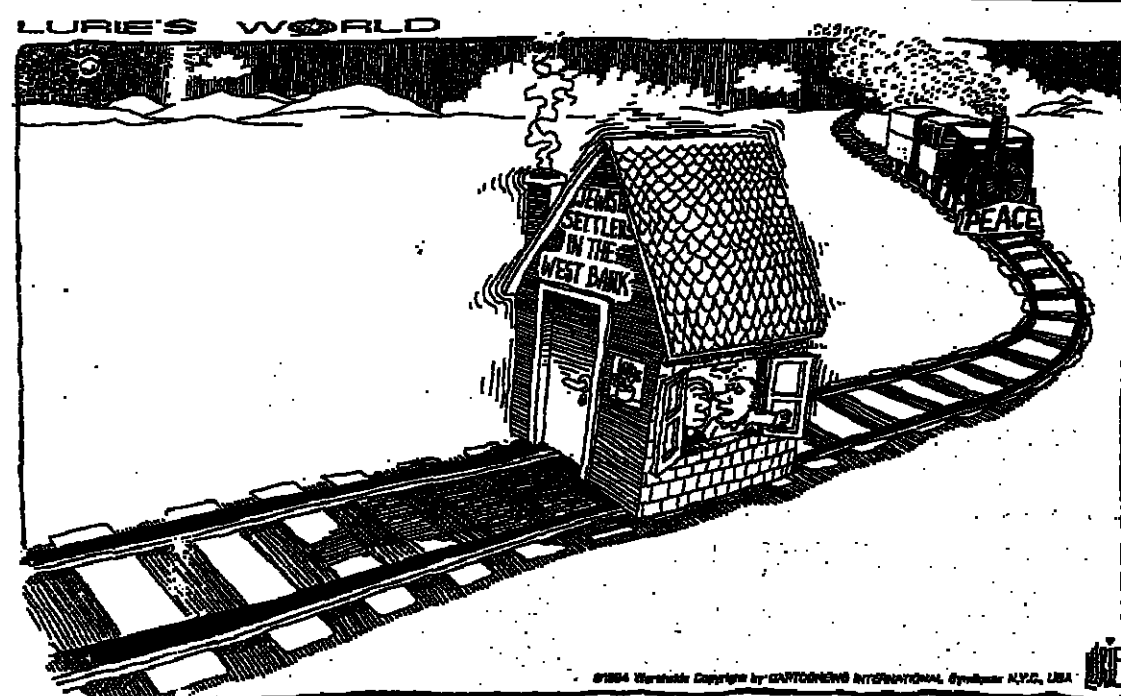
tunity for this overwhelming outpouring of financial and moral support.

Ms. Gross's article truly conveyed the warmth and spirit that typifies Keren Segal Naomi z"l and the cascade of letters that resulted from the appearance of the article reflected the same warmth and spirit on the part of the donors.

The Post's generous allotment of a space to the article must be credited with a sizable share of the mitzva.

RABANIT BRACHA
KAPACH
Jerusalem.

POSTSCRIPTS



"It's the darn train or us!"

AN AMERICAN boy found an unexpected bonus tucked inside a made-in-Taiwan toy airplane: a note from a Taiwanese prisoner pleading for help.

Eddie Tucker of Grand Junction, Colorado, found a poorly worded note from prisoner Lin Xin Ping urging the recipient to "Investigate Taiwan R.O.C. disobey international human right law... Thank you."

It asked that the note be sent to "Human right box, the white house."

News of the note was carried back to Taiwan in a wire story, and made headlines on the newspaper's crime pages. Lawmakers then pressed the government

about the allegations that prisoners' human rights were being violated.

"It is absolutely legal to have prisoners work when they are serving their terms. Sometimes they even get higher pay than other factory workers, so we are not abusing them," Justice Minister Ma Ying-jeou told the legislature.

Lin, 40, was sentenced to 12 years and nine months in 1991 on robbery, rape, and theft charges, officials said.

Taiwanese law requires prisoners to work 6-8 hours a day. International law does not ban the use of prison labor to make goods for export, but US law bans the import of such goods.

HOW MANY people caught the irony of the May 4 programming on the New Channel Two?

Reader Deena Sartier noticed that, on the day Channel One was rebroadcasting the PLO-Israel signing ceremony in Cairo, the competition was running the children's program *The Emperor's New Clothes* and the movie *Dangerous Liaisons*.

MISTAKEN SIGN of the times: leading to the Jericho bypass road is a series of signs advising the driver that the "road" to the "Al-Jalab" bridge is under "construction."

David Macarrov

To Our Readers

Some of the advertisements appearing in our papers are type set outside The Post. When such an advertisement arrives just before the publication deadline, especially when it is provided in the form of a film, it is difficult for us to correct any spelling mistakes that may appear.

While we make every effort to correct such errors, we must ask our readers' indulgence for those occasions when this is not possible.

The Advertising Department

My boyfriend is poor and very possessive

DEAR RUTHIE
RUTHIE BLUM



Dear Ruthie,
I am 21. My boyfriend, whom I've been seeing for four months, is two years

older. We met in college, but now that we've both finished studying, we don't get much chance to meet.

I love him - but in my culture, a woman cannot be seen out with a man without being engaged to him. And since my boyfriend lacks the means to get engaged now, my father doesn't want me to go on seeing him.

The other problem is that my boyfriend is too possessive, and doesn't like it when I talk to other guys. He also doesn't like me to dress fashionably, since he is so conservative. He is always worried I will marry somebody else. But I wouldn't do that just because of his poor financial situation. What can I do?

Eager Goner Anxious Jerusalem

Dear EGA,

Don't confuse jealousy and possessiveness with love. Growing up in a conservative household with strict rules about male-female conduct may be causing you to fall in love with a man intent on restricting your behavior. A man like your father, perhaps.

It is one thing for a father to lay down the law, however, and quite another for a husband. Your boyfriend's desire to control your social life as well as the way you dress doesn't bode well for the future.

Whether or not he is in the position to get engaged right now is beside the point. Money can always be earned.

An understanding of who you are is something which should be apparent in a future spouse. Its absence will make even the fattest pay check seem meager.

Dear Ruthie,
My husband and I are going on a trip out of the country. My husband has a large family, including many brothers and sisters, all with children. We are worried about the great expense involved in getting them gifts, but don't feel we can return empty-handed. Do you have any suggestions?

In the Doghouse or the Poor House?

Dear Dog/Poor House Residents,

If you buy gifts only for your nieces and nephews, you'll be able to limit the number of presents without really hurting anybody's feelings. And even if the adults are disappointed, they won't be in a position to let on about it, while their offspring are happily unwrapping goodies.

Try to buy either inexpensive items, or things which cannot be found in Israel.

Dear Ruthie,

Whenever I get nervous, I sneeze. This makes it hard for me to ask girls out, because I'm always worried I'll sneeze at the wrong moment. There's a girl who studies with me whom I like very much, but I'm afraid to approach her. How can you help?

Snagged by the Snout

Dear Snout-Snagged,

Go out with her, and if you start sneezing, tell her you have a cold. (You don't have to mention that it's in your left eye.) I assume that the more relaxed you become, the less you sneeze. If so, go out with her again, if she agrees. The better you get to know her, the less you'll be reaching for the Kleenex.

Letters should be addressed to: 'Dear Ruthie,' POB 81, 91000 Jerusalem. (Ruthie regrets not being able to guarantee publication of every letter, but will answer every letter received.)

Travel insurance for Mom and Pop

TRAVEL TIPS

HAIM SHAPIRO

A MOM-AND-POP insurance package is being offered by ISSTA, which specializes in travel for students and young people.

For an extra 25 cents a day on the basic insurance premium, the company says it will send a parent or other first-degree relative to a traveler who becomes sick and needs to be cared for.

A PRESENTATION of life in Bible times can now be seen at Genesland on the Allon Road, near the Jerusalem-Jericho highway. Visitors don biblical garb and make their way on camels to Abraham's tent, where the patriarch greets them, washes their feet and offers his hospitality.

The visitors can then, if they choose, engage in such biblical occupations as weaving, pot making, mosaic work, writing in ancient Hebrew letters on parchment, or bread-making. Prices range from NIS 19 for members of youth groups to \$11 for tourists. For reservations tel. 02-387707.

EL AL now has a telephone check-in service for business and first class and members of its King David Club. Passengers can call from noon to midnight on the day before their flight. Following a security check at the airport, they are to receive an envelope with their boarding cards.

FOR ISRAELIS who insist on staying in the country this summer, Tzabar, the hotel reservation network, suggests the "Nubeiba on the Mediterranean" vacation village in Michmoret, where accommodation is in air-conditioned bungalows. Prices for August are NIS 130 a night with half board for adults and NIS 80 for children. For those who want to go

abroad, it offers a week in Palma de Majorca, Spain, including airfare and half board for \$700.

NATOUR says it has the cheapest hotel prices in Paris and New York this summer at FR 760 (about \$135) per person for five nights near the Opera in Paris and \$342 per person for seven nights at a hotel in central Manhattan.

THE FIRST CRUISES for the summer season are being offered from June 6 by Mano Lines. They include sailings of its Shalom Mano Club, with weekly sailings from Haifa to Antalya, Rhodes, Kos, Santorini and Crete. Pre-packaged kosher meals are available. Prices, including full board, range from \$500 to \$1,290.

A WORKING museum of British pottery has reopened following a £1 million renovation. At the Gladstone Pottery Museum, Stoke-on-Trent, 150 miles northwest of London, visitors can experience life in the area known as The Potteries as it was in the 19th century.

The museum has a cobbled yard, original workshops and four huge bottle-shaped kilns. Staff dressed in period costumes demonstrate casting, throwing, flower-making, decorating, modeling and hand-painting. Admission: adults, £3; children, £1.50.

CONTESTANTS FROM around the world will be shooting peas from 12 feet this summer, in the World Pea Shooting Championships. The annual event takes place on July 9 near the historic city of Ely, 78 miles north of London. Enthusiasts build their own peashooters out of metal rod or glass fiber and aim five black peas at a sticky target.

Henry Crown □ Zingara Trio, 6 p.m.: Bulgarian choir - Le Mystere, 9:30.
Foyer □ Classical music, 5 p.m.: Mamelo Gaitanopoulos and friends - jazz, 11 (both free)
Amphitheater □ Dutch juggler, 5:15 p.m.: children's program, 5:45; Israeli songs, 7: Gypsy music, 8 (all free)
Tent □ Stories, 6:45 p.m. (free)
Little Theater □ Classical recital, 9 p.m. (free)
CAESAREA AMPHITHEATER
□ National Ballet of Canada - Sleeping Beauty, 8:30 p.m.

Tickets are available for most performances: Jerusalem Theater (02) 610011; fax orders (02) 662153.



In Lannion, on the central north coast of Bretagne, buildings, walls and even pavements throw back the rose glow of the granite from which they are built.

Fast train from a Breton landscape

TRAVEL

THOMAS O'DWYER

LANDSCAPE, like love, is personal. But both connect us to the universal.

Every professional traveler has a favorite hiding place. Riding the smooth and silent TGV (Train à Grande Vitesse) out of Guingamp (an ancient textile town from which the word gingham comes) on an overcast Breton Saturday afternoon, I sink back in comfort to enjoy the Celtic gloom and the French countryside rolling past, damp, green and pre-vernal. We cross a wide, steep-banked river and roll into St. Brieuc at 3:15 p.m., on time to the second.

"Of all places," shrilled an Englishwoman, "you come from the Middle East to France in this weather. And of all places in France - Brittany!"

"Bretagne," I corrected her, and left it there. For someone from a nation that hates the French and sniffs at Celts, enlightenment is best delivered in one-word bites. Bretagne may have been the mystical Little Britain in the legends of King Arthur of Camelot, but it's not to be sneered at by a Little Englander from Hampstead.

Bretagne is magical as a Celtic land should be. Leaving it is slipping from unreality to unreality. By this time tomorrow, while I'm at a desk in Tel Aviv, the TGV will have become an immobile capsule but the land will still slip past for the year to come, green islands in the flooded plain of memory.

God bless you, Tel Aviv, and all your eccentric charms, but even your best friend never called you a visual delight.

Hence Bretagne, a place to hide and think and shower away with soft Breton rain the peeling paint and shawarma and Tahana Merkazi, and to rest the eyes with rheumy sunsets on the Côte de Granit Rose.

"When a person wants to leave a place he is, he is unhappy," says Milan Kundera, from the unbearable lightness of being in Paris. But the trouble with going anywhere else, an anonymous Israeli told me, is that you have to take yourself with you.

The secret is to savor the leaving rather than the going. Departure is the frame that fixes our little pictures on the skull's wall. This is, after all, life's rhythm. The best we can hope for from birth is to arrive safely.

For the departure, we will want to do it well with some contentment for the journey done and a little frisson of excitement for the last trip, "from whose bourne no traveler..."

Hamlets. Now under the gray sky the land is flattened out as the beautiful train plows effortlessly onwards. Soft green fields, bare-branched copes, rural villages of slate-roofed houses on slanting uplands.

The land of Bretagne and its small towns have such a lovely silent solidity. History pokes out in filigreed spires, always with a

their cathedral on the edge of the information superhighway.

The Cnet has brought new life and prosperity to Lannion without spoiling the utterly rural beauty of a town that climbs gently up cobble streets from its tree-lined river.

And how do they keep their towns so clean and their shops so beautifully laid out?

The average supermarket is a church built for gourmets. A hundred varieties of bread reverently laid out in baskets and soft lighting. The shame of asking for a piece of cheese from the *fromage* holy-of-holies without a vocabulary at least as extensive as that of an Eskimo defining snow. Wall-to-wall wine racks. Wooden, of course. Heaven forbid that the sacred liquid should lie on plastic shelves.

This is the land of Breton fishermen and farmers. Great spreads of fresh vegetables from the hinterland crowd up to ice-covered trays where innumerable lobsters, crabs and crayfish from the ocean crawl over one another in a final *danse macabre*.

Another leaving. The countryside is rolling again, the TGV a sleek ship hissing through soft green waves. An ox-bow stream meanders in a bright green field below a wooded hill. It must be lovely in the coming summer, but bare trees unveil the knolls and farms that leaves would surely hide. There are round nests of rocks in the high planes. Lines of

twisted trees like erect centipedes, round balls of ivy in the sycamores. Spiky furze bushes shine little yellow lights among the hedges.

The landscape is so manageable here - none of those greedy wheat and rape-seed wildernesses that have obliterated the hedgerows of rural England. Bless the French farmers for thumbing the nose at the Common Market and for keeping their small and "inefficient" farms, human-scale patchworks patrolled by whitethorn, willows and gray stone walls, with the house in view from the end of the field and the doves grumbling at cats in the thickets.

Along the rail embankment, decayed long yellow grass lies collapsed and combed by the wind - the hair (green at the roots, girls!) of a giant's sleeping mistress. There he is - a huge oak trunk swaddled in thick ivy, a curmudgeon in an overcoat.

Pale sunshine slits through the train. Evening, and the lambs out there are going home. A burst of fire and light sweep up from the retreating west: eastern clouds break into dark masses against pale blue.

The silver bullet accelerates for the run to Paris as we leave Rennes and Bretagne behind. A last Norman church glides past at a smooth 200 km. per hour, defiant Norman greens and pinks light up under the low sun.

Au revoir Bretagne, et merci bien.

Raucous, ribald, curmudgeonly Mencken

BOOKS

MOLLY IVINS

MENCKEN: A LIFE, by Fred Hobson (Random House, \$35, 672 pp.)

EVEN Henry Louis Mencken can't get away with being a curmudgeonly any more. In recent years his prejudices have been inspected for serious political "incorrectness," his mental health pored over by prescribers of prophylactic doses of antidepressants and his decline into munificence decried as though he hadn't been entitled to become an old crank. Ah, Mencken, where is thy sting now that we really need it?

The curmudgeonly shortage in the US is critical - sitting around grousing that the world is going to hell on a sled doesn't cut it. "Curmudgeonly" requires style and a talent for invective that only a few masters can provide anymore.

As literary biographer Fred Hobson shows in this lucid and respectful work, Mencken, who began his career in curmudgeonly before he was 21, made it into an art form. Born into a Baltimore German family in 1880, Mencken went to university in the city room of the *Baltimore Morning Herald*. All his life he retained the raucous and ribald glee with which good national reporters attack bunkum.

By 1914 Mencken was already a noted literary critic and author of an admiring work on Nietzsche. As Hobson demonstrates, all the planks of Mencken's intellectual platform were already in place, but they seem to have been cemented by the bitter experience of being pro-German during World War I. Mencken's "Germanophilia" was not so much political as cultural - he was an intellectual snob and proud of it. He sought in his own German family roots an identity with what he considered the intellectual aristocracy.

Those who were opposed to the war in Vietnam may remember a famous headline from that era: "What Do You Do When Your Country Is at War And You Think the Other Side Should Win?"



Henry Louis Mencken was a brilliant literary critic who made curmudgeonly into an art form. (Bettmann Archive)

Many of the '60s radicals wound up, improbably, like the archconservative Mencken in the '20s - hypocritical of their own country.

Not that we ever lack a rich and inviting array of big, fat juicy targets, but the '20s were almost made for Mencken's pen. The decade's splendid run of general silliness included fatuous academics and pinheaded fundamentalists, as well as the usual dweebs, dorks and crooks of public office.

Hobson, nevertheless, persuasively makes the case that Mencken's importance as a social critic is dwarfed by his role in American literature. Indeed, the list of authors he published first in *The Smart Set* and later in *The American Mercury* reads like the Modern American Library. There was nothing conservative about Mencken's literary judgment - it was as close to infallible as one human being can get.

His early devotion to Mark Twain was followed by a passion for Theodore Dreiser's realism

and literary figures.

The recent controversy over Mencken has centered on his alleged racism and antisemitism, since the prejudiced old grouch does not measure up to today's genteel verbal standards. But as Hobson demonstrates, Mencken "was receptive to black writers, without question more helpful than any other critic of his time."

Among his friends he counted W.E.B. DuBois, Countee Cullen, James Weldon Johnson, Langston Hughes and George Schuyler.

But Mencken was also capable of calling blacks "coons," and, sadly, he once went so far as to write, "The vast majority of their race are but one or two inches removed from gorillas."

"Such a record would seem to condemn Mencken outright," Hobson argues, "and yet, if his utterances at times suggested severe racial prejudice, at other times his words - and more particularly, his actions - seem, given his time and place, a virtual testimony to racial enlightenment."

Hobson contends that Mencken, in regard to both blacks and Jews, was not prejudiced but "verbally insensitive." This, however, is a big stretch, for while it's true that Mencken was never given to understatement ("lowerbale" was not his game), he was, after all, the author of *The American Language*, still considered by many the best work ever printed on the subject.

Hobson comes closer to the truth, I think, with this observation: "[Mencken] was alternately blessed and cursed, by nature he would say, both by a penchant for colorful and explosive language - hyperbole, slang and epithets - and by a need to categorize and to abstract everything, including nations, regions, religions and ethnic groups. Thus, rhetorically at least, he lived life more dramatically than most other mortals, attempted more, risked more, said more and said it more colorfully on a wider range of subjects than perhaps any other writer of his generation. The result, depending on what he came out with at any given time, was that he appeared to be both the best friend and the worst enemy of Jews, blacks and numerous other segments of the population."

When Mencken's diaries were posthumously published in 1981 and 1989, they touched off a fine brouhaha, as did the 1991 publication of Mencken's unflattering memoir, *My Life as Author and Editor*. On top of being called racist, antisemitic and misogynist, Mencken now stood accused of being a disloyal friend and all-round misanthrope.

Hobson's book helps us understand why Mencken's world had become so dark even before his crippling stroke in 1948. That Mencken lived another eight years after he was deprived of the ability to read and write was an agonizing tragedy.

Hobson's book leaves me liking Mencken neither more nor less than I ever did: I always both admired his work and disagreed with him, especially about democracy. Hobson does, however, give me a great deal more respect for Mencken.

(Los Angeles Times)

Advertising Department

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THE JERUSALEM
POST

Today at the festival
JERUSALEM THEATER
Sherover □ Wilson - Dr. Faustus
Lights the Lights, 8:30 p.m.



Double Serum, a plant-based concentrate, is said to boost skin vitality by smoothing texture and eliminating dullness.

Unisex cosmetics

FLAIR
GREER FAY CASHMAN

JUST because strong woody and spicy fragrances are generally for men doesn't mean women can't use them too.

Take the moisture-replenishing Edge series of aftershave lotions, gels and splashes, manufactured in the US. They are no less soothing on a woman's skin, especially if she's been out in the sun. When you don't have easy access to water in this hot, sticky weather, a splash from the NIS 28.50, spill-proof bottle can be refreshing.

Equally tangy but not quite as soothing is Sod aftershave moisturizing cream manufactured by Shermen Industries.

On the other side of the coin, "women's" creams, gels, liquids and swivel sticks formulated for use on delicate skin around the eyes can be used by men.

Alpha Glow eye active cream, produced locally by Dr. Fischer (NIS 108.95 for a 30-gr. jar), is based on alpha hydroxy acids, which occur naturally in various types of fruits. The manufacturers claim the cream has a remarkable effect on fine age lines.

Juvena super rich eye contour cream from Switzerland is claimed to reduce wrinkle depth and make skin look smoother. A 15-ml. tube costs NIS 136.20. Less messy and easier to apply is Avroy Shlain's Nuclea eye moisture stick.

WRINKLE treatments feature prominently in skin-care products, especially in summer. Foremost in the field are French-based companies such as Payot. It has devised Luminergie, which it claims is a revolutionary product, delaying the effects of aging. The formula contains elements which protect the skin from environmental and climatic hazards. A 50-ml. jar costs NIS 225. Roc offers a fragrance-free, vitamin-enriched Special Wrinkle

Treatment (NIS 112.64 for a 40-ml. tube), which it says reduces wrinkle depth visibly after six weeks. For clients anxious to improve the texture of their skins, Yves Saint Laurent offers Hydratant absolu, a velvety blue gel which can be used day or night to rehydrate the skin. A 30-ml. jar costs NIS 296.

Clarins Double Serum, a plant-based concentrate aimed at boosting skin vitality by smoothing texture and eliminating dullness, claims to be a total skin supplement. The two-in-one Hydro Serum and Lipo Serum formulation, blended in the palm of the hand, costs NIS 49.90. The manufacturer recommends increased use in dry atmospheres or where there is excessive air conditioning.

More affordable at NIS 80 for 50 ml. is Bio Moist, produced by Ellen Batrix of Germany. A hydro-action day protection cream for dry skin, it contains active marine algae extracts said to ensure that the skin is hydrated for up to 12 hours after application.

Even less expensive is the wide range of RP cosmetics for dry skin produced by Israeli cosmetologist Ruth Penuel. Everything in the range costs under NIS 50.

For those to whom price is no object, Estee Lauder's Resilience Elastin Refining Cream is an early intervention treatment. It supplements elastin and collagen, firming the contours of the face and adding tone and bounce to the skin - at NIS 89 for a 50-ml. jar. You can see results after four weeks, the manufacturers say.

Most of these products contain vitamins A, E and B5, as well as UV filter screens. They have been allergy tested, it's still a good idea to do one's own personal test before buying. Most companies provide small, sample packages, usually free of charge.

OFF THE SHELF

MARTHA WEISLS

TNUVA is selling cartons of milk in pharmacies these days: low-lactose milk for people who have difficulty digesting the natural sugar in milk.

The new Tnuva product contains 80% less lactose than ordinary milk. This should solve the problem for most lactose-intolerant people who suffer gastrointestinal discomfort from ordinary milk, according to Dr. David Ratner, director of the nutrition clinic at Afula's Ha'emek Government Hospital. The remaining 20% lactose can usually be tolerated, he said.

However, Dr. Ratner, whose research has concentrated on milk allergies, points out that low-lactose milk will not help people who are allergic to milk protein. Packaged in half-liter cartons, it is longlife milk (*halav amid*), which does not require refrigeration until opened. This homogenized UHT (Ultra High Temperature) milk has the same 3% fat content as ordinary whole milk and the same caloric content.

The low-lactose milk tastes sweeter than UHT milk sold in grocery stores because most of the lactose has already been broken down into its component sugars for those lacking the lactase enzyme needed to do this.

The product can be drunk straight, or used in beverages, cooking or baking, just like any other milk. For the lactose intolerant, it may be a pleasant solution than swallowing Lactaid or Lactazyme lactase tablets before eating or drinking problematic milk products.

A half-liter carton of Tnuva low-lactose milk at pharmacies costs NIS 3.90. This is slightly more than twice the price of ordinary Tnuva longlife milk.

FOR INFANTS who are sensitive to cow's milk protein, lactose or sucrose (ordinary sugar), a new option is Prosoy powder made by Milk Industries of Afula. The infant formula is based on soybeans, without any milk or milk components, and is free of lactose and sucrose. There is also Prosoy with cornflour.

The same company's basic milk-based infant formula is Lactomil, with or without added iron or cornflour. All the types are sold at pharmacies, and labeling is fully bilingual (Hebrew/English).

Lactomil's recommended retail price range is NIS 14.90 to NIS 16.20 for a 450-gram can, and for Prosoy, 400 grams, NIS 18 to NIS 19.50.

IF YOU prefer your milk frozen, the Tenuva Noga dairy offers its Glida Noga line, based entirely on milk fat (i.e. no vegetable fat) and with natural food colorings. The fancier flavors - such as strawberry/vanilla with candied

cherries, and chocolate with pecans - are priced at NIS 12.80 for 900 cc. Simpler varieties are a modest NIS 8.80. There is also a 1,500-cc. pack, costing up to NIS 17.80 for some flavors.

HEY! IS Osem planning a major invasion into Elite's chocolate turf? Osem has released its first all-chocolate product - the Hoppa Hey wrapped chocolate flake bar, made in Germany for Osem. An individual Hoppa Hey costs NIS 1.30, while a box of six retails for NIS 7.80.

An Osem spokeswoman denies the chocolate bar heralds a new direction for the company. She says it's just one more product within the Osem snack line. Not one to rest on its laurels, Elite has come out with two new flavors in its filled chocolate bars, called Memulada. There's milk chocolate with caramel cream, and there's bittersweet with mint cream. The recommended price is NIS 3.30 for a 100-gram bar.

HOW ABOUT a Picasso for NIS 5.60?

Chocolate-coated mini-wafers labeled "Picasso" come in an artistic colorful wrapper, vaguely inspired by the master's style. Produced by Touffine Sa'ar of Kibbutz Sa'ar, the chocolate/hazelnut cream-filled wafers are rich enough to qualify as candy rather than cookies. Each pack contains 150 grams of the kosher-dairy product.

THE NAME "Nana Tea" may be understandable to longtime Middle Easterners, but it is apt to baffle new arrivals from English-speaking countries, especially since the ingredients are listed as "Blended tea, nana leaves."

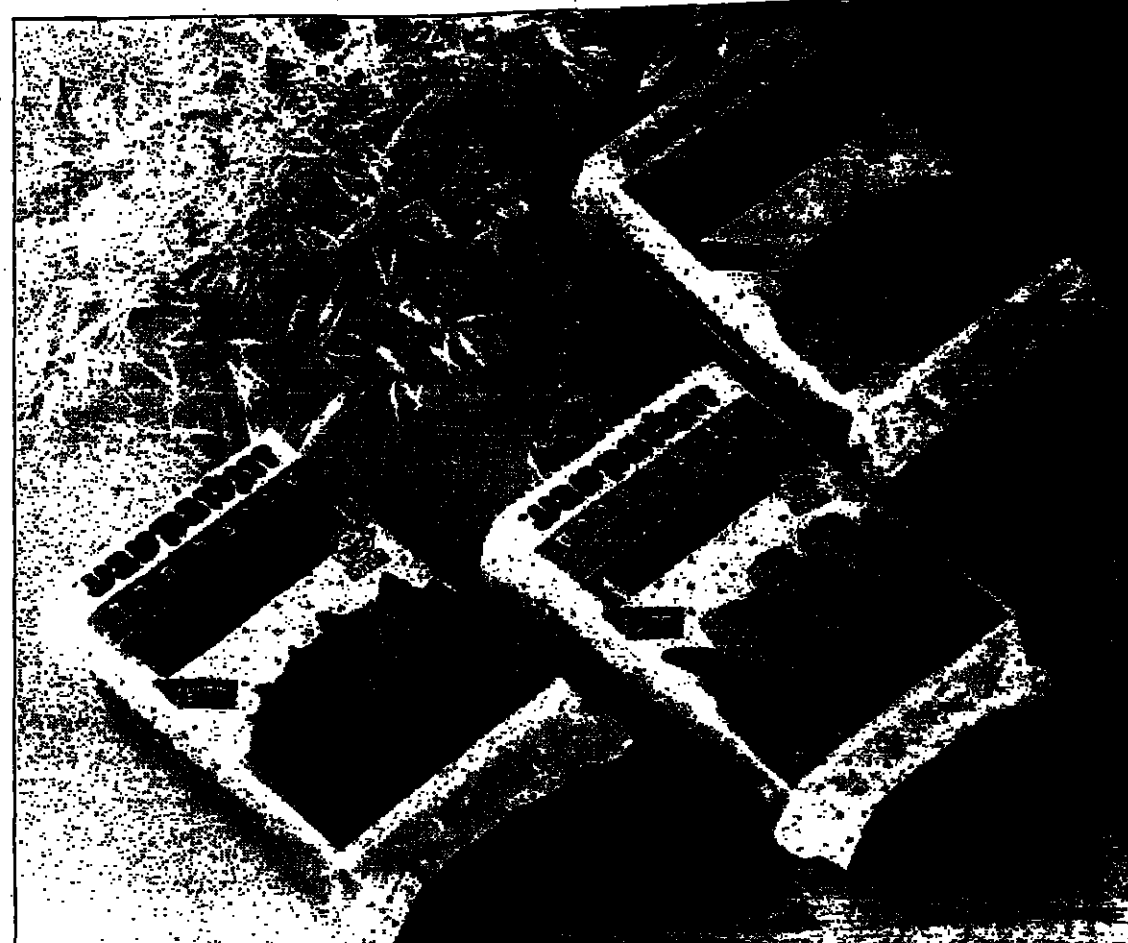
The box of teabags comes from Wissotzky, which assumes that everyone here will understand that the Arabic word *na'na* refers to a type of mint leaf. I made a cup, and it tasted like spearmint chewing gum. The introductory price is NIS 4.50 for 25 bags of 1.5 grams each.

THERE'S AN elegant new wine-maker in the country, Kibbutz Tzora, which is making high-priced wine in limited quantities. Consumers who care about kosher wine should be forewarned that it is not yet produced under kosher supervision. On the back label, there is a warning to this effect, in small Hebrew lettering. Normally, all wines made in the Jewish sector here are kosher, and even kosher for Passover year-round.

In order to be kosher, a wine must be made by observant Jews, which is not the case now at the Tzora winery. It may change later if Tzora decides to make a bid for the general market. At the moment, it produces in small quantities for a limited clientele, mainly a handful of non-kosher shops and restaurants.

On the label, Tzora defines its

Pleasant solution for the lactose intolerant



From Zoglowek Teva, a new 'improved' line of vegetable-and-soy cutlets, featuring corn, spinach and cauliflower (above); Tnuva's UHT milk with 80% less lactose.

product as "estate wine," which means that everything from the planting of the vines to the bottling of the finished product is done on the estate - in this case, the kibbutz in the Jerusalem foothills. So far, it has released two labels - dry white Sauvignon Blanc and sweet Muscat dessert wine, at NIS 29 per bottle.

SOME MEMBERS of my household have taken a fancy to Of Tov's new frozen chicken patties, K'tizot Beityot ("home-style patties"). The seasoning is "home-style" only if your childhood home was in the Middle East.

A 550-gram package costs NIS 11.50. The preparation instructions are in English, Russian and Hebrew.

THE COMPETITION continues between Tivoli's and Zoglowek Teva's vegetarian meat-substitutes.

Zoglowek Teva has a new line of vegetable-and-soy cutlets, featuring corn, spinach and cauliflower. For the introductory period, they cost a very low NIS 9.99 instead of the list price of NIS 16.95.

Each package weighs 750 grams and contains nine pieces. Labeling is Hebrew only, but the pictures give a clue to contents. Tivoli, meanwhile, has released

"new, improved" versions of its classic favorites - vegetarian soy-based hot dogs, hamburgers, cutlets, patties and kebabs. The prices seem to have risen along with the quality, however.

The new packages carry stars with the words "matkon meshupar" ("improved recipe"). Prices range NIS 16.95 to NIS 23.45 for 750-gram packages, which have Hebrew/English labels.

The 4wd is no fun for speed freaks - but it loves life in the rugged lane

MOTORING
JOEL GORDIN

SUZUKI SAMURAI four-wheel drive "fun" vehicle. Engine: 1,298 cc, generating 71 horsepower at 6,000. Gears: manual. Acceleration: From 0-110 km/h in 19.5 secs. Maximum speed: 130 km/h. Gas consumption: 10.6 km/l, average. Length: 3.43m. Width: 1.54m. Weight: 936 kg. (with detachable canvas roof).

Price: NIS 62,900 (plus NIS 4,390 for an air-conditioner).

THE sale of four-wheel-drive (4wd) vehicles is currently the fastest-growing segment of the world automotive market. Israelis are also discovering the thrill and challenge of driving 4wd's.

The vehicles come in two basic categories. The first are those comfortable enough to double as the family car: the Isuzu Trooper,

the Mitsubishi Pajero, the Land Rover Discovery, the Range Rover and the Nissan Terrano, to name a few. These are all priced at a minimum of NIS 100,000.

Then there are the vehicles designed specifically for the outback and not for the asphalt, like the Russian-made Lada Niva, the Land Rover Defender and the Sufa (Storm), which is assembled in Nazareth by Automotive Industries Ltd. These cost anything from NIS 45,000 (for the Niva) to NIS 90,000.

The Sufa, the Niva and even the Land Rover Defender are specialist vehicles which can go where you'd be afraid to walk. They are an "overbuy" for the weekend 4wd rider.

For them, the best vehicle is still the nippy Samurai, which has been in local showrooms for two or three years. The manufacturers, in fact, call it a "fun vehicle." You don't need to pass a commando course to operate it, although it's just the ticket for towing a

jetski down to the beach or bouncing along a mountain track on the way to a barbecue in the forest.

The Samurai can be turned into a convertible by removing the (optional) canvas roof cover. When this is done, you probably have the next best thing to the beach buggy.

The Samurai's stick has five forward gear positions and each can be used in any one of three modes: "2h" (ordinary two-wheel drive, for traveling on a normal dry, hard surface), "4h" (the faster four-wheel-drive speed giving greater traction on slippery or snow-covered roads) or "4L" (the slow four-wheel drive for descending or ascending steep hills).

On the model I drove, there was no need to alight and manually engage or disengage the freewheel locks on the hubs when shifting from 4wd to 2wd or vice versa.

The Samurai has other features that also enable an amateur to succeed in the rough, notably a short wheelbase and responsive steering,

high clearance which enables it to avoid obstacles like rocks and tree stumps and a narrow body width which allows it to pass through tight spaces.

All these features, however, demand extra care be taken when driving on asphalt. The high ground clearance means that the center of gravity is low and this makes driving in crosswinds dangerous. Just as you would not take a sports car out in the rough, you cannot take curves in the Samurai at the same speed.

The Samurai cannot be a substitute for the family car. Even when you get used to driving it on the asphalt there's a lot of noise and some nasty bumps when you approach a speed of 90kph. It's difficult to hear a radio over the wind and engine noise.

So what's the answer for the many Israelis who cannot afford to buy two cars, one for fun, another for the asphalt? One way to enjoy off-road riding is to rent, but that's expensive. Most local car-rental



The Suzuki Samurai jeep may be a great car to rent on the island of Cyprus, if you have insurance.

companies charge well over \$100 a day for the Samurai, if you take it for only a two- or three-day weekend.

That's why many 4wd fans are

converging on Cyprus for weekends: vehicles like the Samurai can be rented there for half the price. But caution is called for. Many of the island's rental vehi-

cles are maintained by hole-in-the-wall outfits and there are many stories about life-threatening broken steering columns and faulty brakes.

But Reliable Rent-a-Car, a daughter company of Automotive Equipment Group, the Israeli Suzuki dealers, has opened a franchise in Limassol where it rents the Samurai and its "older sister," the Vitara, in addition to the full range of "standard" vehicles. Its staff are 4wd specialists.

Prices vary according to the season, but between April and June you can get a Samurai for the equivalent of about \$40 a day, if you pay in Israeli shekels, thus qualifying for a 20 percent discount.

And, if you have a complaint, the Israeli mother company will take responsibility.

The island is a paradise for 4wd drivers, with long beaches, mountain trails and unofficial traffic police who smile and wave and don't seem to issue tickets.

BARGAIN BASEMENT

OFFERS

"THE ANCIENT WORLD" - History of Civilization. Preliminary. Full of Rome - Hamlyn. NIS 45. 04-262377.
ROWENTA FOOD MIXER - NIS 75: clothes dryer and bin, NIS 107; assorted pots and pans, NIS 50. 03-6424970. NS.
LOUIS FORAUD SUIT - white skirt, white + patterned bodice + jacket, unworn, bought Bond St., size US 12, UK 16, NIS 200. 09-351759. 02-710584.
PIERRE CARDIN BLOUSE - tailored, like new, NIS 40; ladies' 3-piece suit, NIS 40; corduroy jeans, NIS 20, all small sizes. 04-251511.
"HISTORY OF JEWS OF VILNA" - Israel Cohen. Selected Poems - Yehuda Halevi: Poems by Isaac Rosenberg. NIS 20 each. 04-242377.
RADIO/CASSETTE - NIS 150; CDs, NIS 45; kitchen supplies, shelving, NIS 100. Excellent condition, must sell. 03-578363.
BROTHER AX-10 electronic TYPEWRITER - English, portable, new, correct mistakes. NIS 300. 03-6058940.
PORCELAIN TEA-COFFEE SERVICE - new, 6 persons. Vienna, NIS 100; ceramic Pyrex form for oven, new, NIS 150. 05-919917.
SLOW COOKER - Kenwood, electric, large (family size), new in box, NIS 300. 03-692601. NS.
CRIB - NIS 200; stroller, NIS 80; listening device, NIS 30. 03-5419473. NS.
SHRABAT KETTLE - heavy duty, 2 gal./liter, NIS 60; exercise bench, NIS 80; cassette recorder, NIS 50; briefcase, NIS 50. 09-332949.
WOMEN'S LEATHER KEYS - new, size 8 1/2, American, one pair black, one pair white with flowers, NIS 100 each. 03-

900619. NS.
WOMEN'S BICYCLE - 26", as new. NIS 125; Hoover 4-in-1 carpet shampooer, needs repair, NIS 100; 2 country-style wooden beadboards, 39". NIS 75. 02-518221. NS.
STANDING LAMP - bronze with shade, NIS 295. 02-813232.
ENGLISH BED - in good condition. Storage space below, NIS 300. Kay. 02-725745.
PANASONIC MICROCASSETTE RECORDER - voice activated, battery rechargeable. NIS 250. 02-637132.
BAUSCH & LOMB MULTIPURPOSE SOLUTION FOR CONTACTS - NIS 42; saline solution, NIS 25. 02-381947. NS.
STOVE - Melfi 5-burner, electric oven, excellent condition. NIS 300. 02-712917.
GIRLS' PARTY DRESS - size 14, never worn, NIS 150. 02-860725. NS.
CAMERA - 35 mm, Olympus, infinity, auto-matic focus, excellent condition: NIS 300. 02-131108. NS.
SMALL OVEN - NIS 100; mattress, NIS 75; mixer, blender, Shabbat plate, NIS 40 each. ENCYCLOPEDIA LAROUSSE - in French, almost new, each NIS 100. 02-816367.
STANDING LAMP - wood with shade, NIS 149. 02-513232.
PANASONIC EASA-PHONE ANSWERING MACHINE - NIS 200; home electrolysis kit, NIS 60. 02-716927.
COLOR VIDEO CAMERA - Sony, MF Trimecon, HVC-2000, BETA NTSC, like new. NIS 300. 02-242228.
LITTLE TYKE SANDBOX - with turtle-shaped cover, NIS 275. 02-618824. NS.
BOOKCASE - solid wood, 185 cm. high, 92 cm. wide, 30 cm. deep, almost new, NIS 300. 02-611834. NS.
WARDROBE - 80 cm. wide x 220 cm. high,

excellent condition. 02-864289.
WOMEN'S SNOOD - black, long, excellent condition. NIS 30. 02-611240. NS.
BLACK AND WHITE TV - large, used, excellent condition. Zenith, NIS 300. 02-61240. NS.
RUMASH WITH RASHI - NIS 30. Bible with Gordon's interpretation. NIS 150. 02-243560.
SWING-O-MATIC - Graco nonstop, good condition, plays 5 tunes, NIS 300. 02-731055. NS.
KENWOOD MIXER - parve, many parts, in perfect order. NIS 300. 02-631281. NS.
PARTY DRESS - light blue, tulle, size 8-10 (US). NIS 150; navy knits, white sandals, leather, size 7 1/2 (US). NIS 75 each. 01-51213. NS.
DESK - with 4 built-in drawers, in good condition. NIS 200. 02-639478.
SUDE AND SATIN OUTFIT - skirt and top, worn once, size 38. NIS 300 o.b.o. Nurit. 02-457181.
VACUUM CLEANER - Amcor, good condition. NIS 200. 02-618808. NS.
MEN'S MOTOCANE RACING BICYCLE - 10-speed, accessories, NIS 300 o.b.o. 02-730888. NS.
BOYS' WOOL SUIT - from Nordstroms, dark gray, size 10, waist, NIS 150; wig, dark brown, short, NIS 100. 02-618712.
ENGLISH TYPEWRITER - electric or non-electric, very good conditions, NIS 250. 02-788736.
DESK LAMP - big, with 2 fluorescent. NIS 80. 02-245560.
STEREO TV CABINET - oak veneer. NIS 300. 02-764956.
CARPET CARPET - 2.50 x 3.50, NIS 200. 02-519645. NS.
ISRAELI TRUNDLE BED - excellent condition, NIS 300 o.b.o. Gideon, besper. 02-

294666 (no. 21507).

WANTED

USED HOME SEWING MACHINES - earn a mizva by offering your old machine so I can pick it up, recondition it, and give it to homebound Ethiopian women to learn to make children's clothes and minor repairs. Sylvia Cramer, Markert Batya, 08-340273. PC SCREEN - 14", black/white in good condition. 03-5442012. 09-544816.
STEP EXERCISE MACHINE - good condition, reasonable price. 06-488818.
LAWN MOWER - small gasoline or electric. 09-656699.
YAD SARAH'S LAUNDRY SERVICE - for the bedbound desperately needs nightwear, sheets, bedding and towels. Call Tirza, 388074. Yad Sarah, 33 Yirmiyahu Street, Jerusalem.
FURNITURE - wanted by organization for new Russian olim, will collect. 02-788277. NS.
NEW STOREROOM FOR OLIM - seeks electrical appliances, household goods (pots, pans, dishes, etc.), old furniture, etc. Jivat Shani St. 25, 9 a.m. - 5 p.m., 02-513524. Will collect.
YAD CHEN AND YAD LETINOK - gladly accept respectable clothing at their distribution center, 6 Shmuel Hanavi, Apt. 10, Chaya. 02-820102; Yochved, 02-665348.
EXERCISE BICYCLE - 02-632161. NS.
2 TICKETS - to Le Mystere des Voix Bulgares for May 26, Jerusalem Theater. Rafael. 02-235558 home; 02-898880 work. NS.
COMPUTER TABLE - narrow preferred; wall cupboard for children's room. floor-to-ceiling, 220cm. 02-78712. NS.
LARGE BOOK CASE - photostat machine, latests Q-text software, small refrigerator, office table. 02-820126.

GATES TO BABYPROOF STAIRS - also backyard playground equipment. 02-69287. NS.
CLOSET - up to 1.6 meters long, height not important. 02-79287.
ENCYCLOPEDIA JUDAICA - in good condition. 02-816267.
ELECTRIC ORGAN - Yamaha or similar, four octaves, table size, in good condition. 02-792880.
MANUAL FOR STRENGTHENING ABDOMINAL MUSCLES - with exercises for reducing stomach fat. 02-724283.
CLASSICAL GUITAR - for beginner. 02-864789.
OLD BOOKS - 02-812662.
TOWER AIR - Can you accompany 8-year-old girl, N.Y. to Tel Aviv, mid-August? 02-35018. ASAP.
FLIGHT COMPANION(S) - for 14-year-old religious girl traveling to London 2/7 to 3/8 (approx). Will help with children. 02-430972.
CARRIAGE FOR TWINS - in good condition, very reasonable. 02-355157. NS.
GARDENING TOOLS - used, in good condition. 02-518004.
OLD MAPS AND ATLASES - pre-20th century; book Jewish Family Papers or Letter from a Holocauster. 02-51741. NS.
FOOT LOCKER OR TRUNK - in good condition. 02-412726.
EXCHANGE
HELP ME IMPROVE MY ENGLISH - in exchange for help in Yiddish or Russian. Gersh. 02-432691.
PETS
CAT LOVERS - 5 million cats die in Israel each year. Help us help them. Call Lev

Lechal Association. 02-831626.
PARAKEET - turquoise blue, female. NIS 12. 02-421243.
4-WEEK-OLD KITTENS - happy, need good homes, time for them to leave mom! White or gray. 02-790045.
5 GERBILS - NIS 5 each. Danny. 02-341274.
PARAKEETS - two lovely birds for sale with cage and food. NIS 150. 02-788099.
HOUSE-TRAINED KITTENS - interesting assortment of beautiful, affectionate, healthy, free to good homes. 02-283321.

Sorry, no listings accepted without a coupon

BARGAIN BASEMENT - FREE CLASSIFIEDS

BARGAIN BASEMENT accepts ads of up to 20 words free of charge on these conditions: Only one ad per household per week. THE LIMIT per ad in the "offers" section is a TOTAL NOT accepted: business offers; apartment sales, rentals or exchanges; car sales; job offers; situations wanted; solicitations for donations; offers of marriage or other personal relationship. Ads must be printed in English and submitted on the attached coupon. ADS MAY NOT BE SUBMITTED BY PHONE OR FAX. The right to reject or edit any ad is reserved.

Ads must reach The Bargain Basement, The Jerusalem Post, Rehov Yirmiyahu 16, P.O. Box 81, Jerusalem 91 000 by NOON Sunday of the week of publication. Because of space limitations, ads may be held over and published the following week.

The price of each item must be stated

Name _____
Address _____
MESSAGE _____ Tel. _____

BUSINESS & FINANCE

THURSDAY, MAY 26, 1994

9

Knesset panel approves FEPZ

EVELYN GORDON

A SPECIAL Knesset committee yesterday approved a bill to create Free Export Processing Zones (FEPZs) in a move the government hopes will dramatically improve the country's balance of trade and employment situation. The bill creates special zones in which businesses will enjoy a number of concessions, including exemptions from taxes and certain labor laws, and the streamlining of bureaucratic procedures.

According to committee chairman Gedalya Gal (Labor), it will be brought to the plenum for its second and third reading within a few days.

Although many of the MKs on the committee had reservations about the bill, most expressed cautious optimism.

"In principle, I think this will develop more competition in Israel, and that is important," said Naomi Chazan (Meretz). Chazan said she was concerned, however, that the bill did not include enough protections for workers.

Silvan Shalom (Likud), however, said he feared the problems would outweigh the benefits.

"Factories that are within a small radius of the zones won't be able to compete," he said, noting that because of the tax breaks, the zone companies could charge much less for their products while paying their workers more.

Shalom said the only way to prevent nearby firms from going out

of business was either to forbid companies which were similar to existing ones from entering the zone, or to grant the local competitors the same benefits.

The bill creates a council of six government representatives, who will choose a franchisee to run each zone for a period of 49 years.

This franchisee will provide all its zone's infrastructure, including electricity and telephone services, though the government will provide infrastructure up to the borders of the zone. The franchisee is also responsible for bringing businesses to the zone.

Once the franchisee is chosen, the finance minister will appoint another seven representatives to the council from a list provided by the franchisee.

The council will then be responsible for licensing businesses in the zone, obtaining necessary permits and arranging for local representatives of all relevant government bodies.

To streamline the bureaucracy, the law imposes strict time limits on numerous procedures. For instance, government representatives must give a decision on any request within 45 days; if they fail to do so, the request will be considered approved.

Similarly, a business which applies for a license to operate within the zone must receive an answer

(Continued on Page 11)

Frenkel: High inflation threatens growth

JOSE ROSENFELD

THE failure to curb inflation this year could mar the rosy picture of consistent economic growth in the future, Bank of Israel Governor Jacob Frenkel warned yesterday.

Frenkel told a Jerusalem news conference marking the release of the central bank's 1993 annual report that should the government fail to take appropriate action to help moderate housing prices and wages, he will be forced to continue raising interest rates.

This one-sided effort to control inflation will "cause other damages to the economy," said Frenkel. In particular, high interest rates are liable to push up unemployment and slow down economic growth.

Asked whether the "crawling peg" exchange rate mechanism should be adjusted to allow the shekel to devalue faster in view of the higher than predicted inflation rate, Frenkel said "whoever raises the devaluation rate would be making a strategic mistake. He would be admitting defeat to higher inflation."

Pointing to the country's past experience with consistently high inflation, Frenkel said that "inflation is to be fought against, and not lived with."

With characteristic caution, the central bank expects the economy to expand significantly over last year, but not as much as in 1991 and 1992.

The Gross Domestic Product (GDP), which measures all the goods produced and services provided by the economy, will rise five percent, in contrast to 3.4% last year, while the business sector's product will grow 6% compared to 3.5%, the central bank said. Exports will keep growing, although at a slower pace, by 8% instead of 12.8%, while imports will be up 9%.

Unemployment will continue



Bank of Israel Governor Jacob Frenkel presents the central bank's 1993 annual report to President Ezer Weizman.

(Isaac Harari)

dropping, to 8.5% from 10% last year. Similarly, the number of jobs will increase by 4.5%.

The country's current account balance, which includes the balance of trade and financial transactions, will register a deficit of \$700 million, nearly half of last year's deficit.

Frenkel noted that the US loan guarantees, as well as the improve-

ment in the area's political atmosphere, will allow the government to finance those deficits without any hardship.

Frenkel emphasized that all this depends greatly on political developments. The closure is expected to have a greater impact than previously thought, affecting primarily construction and affiliated industries.

According to Frenkel, the economic impact of the autonomy agreement is unclear. In addition, he pointed to the increasing uncertainty surrounding the peace process, which could undermine the basic optimism fueling economic growth and hold up planned investments.

Frenkel warned that if the government's accumulated additional

obligations end up busting the budget, it will dim the economic picture. A larger budget deficit will come at the expense of exports, which have been the main engine of economic expansion.

The report criticizes the government for not using more of its deficit to finance private sector tax cuts, a move which will help stimulate work productivity, which fell by 0.7% last year.

It points out that the government can replace falling immigrant absorption and unemployment expenditures with permanent tax cuts. The report praises the government's emphasis on infrastructure investments and exhorts it to maintain their high levels, which are helping to expand the economy's productive capacity.

Asked if the recent poor first quarter company results contradicted the central bank's rosy predictions, Frenkel said those results were reporting on past activity, while the bank was predicting future developments.

Those results reflected the drop in work productivity that was registered last year as a result of the economy's adjustment to the closure, the immigrant labor force and demand levels that far outstripped local capacity, explained Frenkel.

He called on the government to pursue competition more aggressively and limit monopolies to increase the profitability of the business sector and further stimulate economic growth.

He said the policy to open the economy to imports should be implemented, saying the local industry has been given plenty of time to adjust to foreign competition.

Frenkel said the existing capital investments encouragement law should be changed to eliminate discriminatory treatment of different economic sectors, limit the preferential treatment for specific zones of the country and improve the efficiency of government incentives.

'State should pay for environmental treatment'

LIAT COLLINS

INDUSTRIES have invested more than \$80 million in environmental treatment over the last two years, according to the Israel Manufacturers Association.

The association wants the government to finance such investments in existing plants and ensure enforcement of environmental regulations in the autonomous areas.

Speaking at a seminar for environmental reporters at the Delkol company in Lod, Akiva Mozes, head of the association's environment department, called on the government to help existing plants rather than only those in peripheral areas or new factories.

"Most of the aid goes to plants in preferential industrial zones, which tend to be in peripheral areas, whereas most industry is in the center of the country," Mozes said.

Delkol is one of this year's three recipients of the environmental shield award granted by the association and the Environment Ministry. It received the award for its work in the field of petroleum products, which includes recycling oils and containers and waste treatment.

Referring to autonomy, Mozes said "the government must ensure that environmental regulations are enforced in the autonomous areas to avoid negative impact in Israeli areas like ground water pollution and to avoid unfair competition with Israeli products."

He also called on the government to make foreign exporters meet environmental standards for products sent here in the same way that Israeli products have to meet the standards of developed countries for their goods.

Treasury expects growth to double

JOSE ROSENFELD

UPDATED Treasury estimates predict that economic growth will nearly double this year to 6.2 percent, while the business sector expansion will increase more than twofold to 7.4%.

This is a conservative estimate based on the Central Bureau of Statistics' first quarter Gross Domestic Product estimates. Treasury economic adviser Tsipi Gal-Yam said.

The Treasury chose a more moderate estimate to leave room for the possible negative consequences the closure of the territories may have on growth.

Gal-Yam's figures for this year are significantly higher than those the Bank of Israel released yesterday. According to the central

bank, the GDP will only grow 5%, compared to Gal-Yam's 6.2%, while the business product is to expand just 6%, compared to 7.4%.

Gal-Yam expects exports to increase 9%, as does the central bank, while imports will expand by only 5.9%, instead of 8% as the Bank of Israel predicts.

Gal-Yam is only more pessimistic about the current account deficit, which according to her will reach \$1.2 billion this year, while the Bank of Israel expects it to total \$700 million.

Public consumption is expected to grow from 1.3% last year to

2.5% as a result of increased local defense expenditures. Investment in housing will rise a moderate 2.5% after dropping last year by 27%.

Overall investment will increase 15%. Gal-Yam expects employment to grow 5% and the unemployment rate to fall from 10% to 8.5%.

The improvement in employment will derive completely from the rapid expansion of the economy and not, as last year, on the replacement of workers from the territories with Israelis and government wage subsidies.

In addition, worker productivity is expected to rise 2% next year, after falling 0.7% in 1993.

No maximum prices on stock issues for another year

EVELYN GORDON

THE Knesset finance committee yesterday extended the rule against maximum prices on stock issues for another year and approved a regulation requiring directors' statements to be included in financial reports and prospectuses.

The elimination of the maximum price, initially passed for a five-month trial period, is to expire at the end of the month. Finance Minister Avraham Shohat

told the committee that while the experiment has been successful so far, he would like to test it for another year before turning it into a permanent regulation.

At the request of the Association of Publicly Traded Companies, however, the committee will receive an interim report on how the rule is functioning after six months.

The association charged that the rule makes it more difficult for institutional investors to bid on new issues.

Meanwhile, the committee decided that directors' statements, giving verbal explanations of the company's financial data, should be included in all year-end financial statements and prospectuses.

These statements must include information on the company's activities, financial situation, operating results, liquidity, sources of financing and the influence of external factors.

The committee also approved a change in the board regulations, so that two-thirds of the stock exchange's board of directors can refuse to register a share because of a conflict of interest. Previously, a 75% majority was needed.

Africa-Israel considers project with Jordanians, Palestinians

HAIM SHAPIRO

AFRICA-ISRAEL Corporation, in conjunction with Palestinian groups and Jordanian entrepreneurs, is considering developing a joint project at Kalia on the Dead Sea, Africa-Israel Hotels and Resorts chairman Shlomo Grofman announced yesterday.

Speaking at a news conference welcoming Holiday Inn chairman and CEO Bryan Langton, Grofman said Africa-Israel has 700 dunams at Kalia, at the north end of the Dead Sea, at which it is considering building two hotels.

The hotels would be part of a "tourism peace project," carried out jointly with the Palestinians and the Jordanians.

Grofman said his company is already in contact with the Jordanian and Palestinian groups.

Africa-Israel currently has an exclusive contract for Holiday Inn franchises in Israel and the territories. Neither Grofman nor Langton would specify how political developments in the area could affect the contract.

Dovrat Shrem reports 55% drop in first quarter net profits

COMPANY RESULTS

RACHEL NEIMAN and NEIL COHEN

DOVRAT Shrem reported a 55 percent drop in first quarter net profits to NIS 630,000 from NIS 1.4 million for the same period last year.

Earnings per share fell to NIS 0.07 from NIS 0.22.

The company reported an increase in revenues from services to NIS 7.68m, from NIS 4m.

An NIS 2.4m. loss on securities was registered, as compared with a profit of NIS 1.9m.

In February, the company made a 25% share purchase of NCM

Insurance Agencies at NIS 298,000.

Mortgage lender Bank Carmel announced an 87.6% increase in first quarter profits to NIS \$50,000 from NIS 453,000 during the same period last year.

The increase came despite a 13.9% drop in profits from financing operations to NIS 4,06m, from NIS 4,71m, and a 177% rise in

provisions for doubtful debts to NIS 618,000 from NIS 223,000.

Haifa Oil Refineries reported a 75% decline in first quarter net profits to NIS 10.6m, from NIS 43.9m, during the same period last year.

Revenues rose to NIS 1 billion from NIS 791m. Operating profits declined to NIS 27.1m, from NIS 62.8m. The gross profit margin fell to 5% from 10%.

Quarterly earnings per share dropped to NIS 0.03 from NIS 0.14.

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ISRAEL DISCOUNT BANK

ISRAEL PETROCHEMICAL ENTERPRISES LTD.

Notice to Shareholders of an Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the Company will take place in the Company's offices at Beit Eliahu, 2 Ibn Gabirol St., Tel Aviv, on Tuesday, the 28th day of June 1994, at 10:00 a.m.

Agenda:

To adopt a resolution concerning the sale of the Polystyrene plant owned by the Company.

Under the Articles of Association of the Company, in the event there is no quorum at the meeting within one hour from the time fixed for the meeting, it will be adjourned until the next day, at the same time and at the same place.

In the event there is no quorum at the second meeting within one hour from the time fixed for the meeting, it will nevertheless take place with any number of participants present, and these participants will constitute a quorum.

L. Wisniak
Company Secretary

ISRAEL MONEY MARKETS									
Patah (foreign currency deposit rates) (25.5.94)									
Currency (deposit for:)	3 MONTHS		6 MONTHS		12 MONTHS				
U.S. dollar (\$250,000)	3.875	4.250	4.750						
Pound sterling (£100,000)	3.500	3.750	4.250						
German mark (DM 200,000)	3.250	3.500	4.250						
Swiss franc (SF 200,000)	3.125	3.125	3.125						
Yen (10 million yen)	0.500	0.625	0.750						
(Rates vary higher or lower than indicated according to deposit)									
Shekel Foreign Exchange Rates* (25.5.94)									
CHECKS AND TRANSFERS					BANKNOTES		Rep. Notes**		
Currency basket	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Rep.***
U.S. dollar	3.2670	3.3130	—	—	—	—	—	—	3.2862
German mark	3.0045	3.0488	2.95	3.09	3.09	3.0240	3.09	3.0240	3.0240
Pound sterling	1.8178	1.8434	1.78	1.87	1.87	1.8270	1.87	1.8270	1.8270
French franc	4.5268	4.5906	4.43	4.64	4.64	4.5525	4.64	4.5525	4.5525
Japanese yen (100)	0.5312	0.5387	0.51	0.55	0.55	0.5344	0.55	0.5344	0.5344
Dutch florin	2.2724	2.3128	2.82	2.95	2.95	2.8869	2.95	2.8869	2.8869
Swiss franc	1.6157	1.6425	1.59	1.67	1.67	1.6291	1.67	1.6291	1.6291
Swedish krona	2.1309	2.1609	2.09	2.19	2.19	2.1401	2.19	2.1401	2.1401
Norwegian krone	0.3687	0.3823	0.38	0.40	0.40	0.3897	0.40	0.3897	0.3897
Danish krone	0.4187	0.4256	0.41	0.43	0.43	0.4219	0.43	0.4219	0.4219
Finnish mark	0.4641	0.4706	0.48	0.48	0.48	0.4668	0.48	0.4668	0.4668
Canadian dollar	0.5543	0.5621	0.54	0.57	0.57	0.5569	0.57	0.5569	0.5569
Australian dollar	2.1791	2.2007	2.14	2.24	2.24	2.1957	2.24	2.1957	2.1957
S. African rand	0.8178	0.8263	0.81	0.86	0.86	0.8178	0.86	0.8178	0.8178
Belgian franc (10)	0.5038	0.5060	0.87	0.91	0.91	0.8877	0.91	0.8877	0.8877
Austrian schilling (10)	2.5825	2.6199	2.54	2.61	2.61	2.5976	2.61	2.5976	2.5976
Italian lire (1000)	1.8837	1.9102	1.84	1.95	1.95	1.8831	1.95	1.8831	1.8831
Jordanian dinar	—	—	—	4.19	4.45	4.3790	4.45	4.3790	4.3790
Egyptian pound	—	—	—	0.86	0.91	0.8223	0.91	0.8223	0.8223
Irish punt	3.5002	3.5495	—	—	—	—	—	—	—
Spanish peseta (100)	4.4346	4.4971	4.34	4.60	4.60	4.4622	4.60	4.4622	4.4622
Spanish peseta (100)	2.2076	2.2386	2.15	2.28	2.28	2.2217	2.28	2.2217	2.2217
* These rates vary according to bank. ** Bank of Israel.									
SOURCE: BANK LEUM									

MERCANTILE BANK OF ISRAEL LTD.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the Company will be held at the Offices of the Bank at 24 Rothschild Boulevard, Tel Aviv, Israel, on:

MONDAY, 6TH JUNE, 1994, AT 8.30 A. M.

AGENDA:

1. To consider and receive the AUDITED FINANCIAL STATEMENTS for the year 1993 and the Reports of the Directors and Auditors thereon.

2. To elect Directors under the provisions of Article 82 of the Articles of Association.

3. To appoint Auditors and to determine their remuneration.

4. To transact any other business that may be transacted at any Ordinary General Meeting.

BY ORDER OF THE BOARD.

ISRAEL PETROCHEMICAL ENTERPRISES LTD.

Notice of the Annual Shareholders' Meeting

Notice is hereby given that the Annual Shareholders' Meeting of the Company will take place in the Company's offices at 2 Ibn Gabirol St., Tel Aviv, on Tuesday, the 28th day of June 1994, at 9:00 a.m.

On the Agenda:

(1) Consideration of the Company's Financial Statements for the year ended December 31, 1993.

(2) Appointment of Auditors and determination of their fees.

(3) Appointment/Election of the Directors and approval of Directors' fees.

(4) Miscellaneous.

Under the Articles of Association of the Company, in the event there is no quorum at the meeting within one hour from the time fixed for the meeting, it will be adjourned until the next day, at the same time and at the same place.

In the event there is no quorum at the second meeting within one hour from the time fixed for the meeting, it will nevertheless take place with any number of participants present, and these participants will constitute a quorum.

L. Wisniak
Company Secretary

EC opens probe into Air France aid

BRUSSELS (Reuters) - The European Commission yesterday opened a full-scale probe into the French government's plans to inject \$3.56 billion of capital into Air France.

The EU executive, launching a case which is bound to set the pace of European policy on airline aid, stressed that in opening the probe it was not pre-judging whether the aid would fall foul of its rules and gave no hint of the line it would take.

"It is only an opening procedure and that does not prejudice the position that the commission will

take," a commission spokeswoman said.

Hoping to reach a verdict by mid-year, it stressed its investigation would focus on whether the aid would bring the company back to profitability, whether the aid is proportionate to the plan and whether it would harm competition.

Under the restructuring plan announced in March to restore Air France's viability by the end of 1996, the airline has agreed to slash 12 percent of its work force and freeze wages until 1996.

The plan secured the backing of

the airline's work force after management organized a ballot of workers.

Air transport officials have said there is no doubt that the aid, if granted, would harm the competitive situation of any other airline operating in France in the short term.

But they add it could contribute to competition in the long-run by freeing Air France of state aid once and for all.

The wording of the commission's statement is a first sign it is following the advice given earlier this year by an expert group of so-

called "wise men."

In a report, they told the commission to take a tougher line on airline aid by allowing it on a one-time basis, linked to a viable restructuring plan.

"The commission will clarify that the aid is the last granted to [Air France] and that it will not be used to acquire additional shareholdings in other carriers," it said in a statement.

But a commission spokeswoman said the probe would have no bearing on a 1992 acquisition of a 37.5% stake in Belgian carrier Sabena for \$177.6m.

"For us it's not a real issue because Sabena has been acquired in the past. If there are debts concerning Sabena, these belong to the liabilities of the company," she said.

"If the issue is raised further, the commission will look again."

The commission said it will also check that the public authorities will not intervene in the management of Air France other than for commercial reasons.

Interested parties will be given a month to give their views to the commission.

Bundesbank allows small drop in key rate

FRANKFURT (Reuters) - The Bundesbank allowed a slight drop in its key interest rate at its money market operations yesterday, but is widely expected to leave official rates unchanged at today's regular council meeting.

The Bundesbank awarded fresh funds to banks at a lowest interest rate of 5.20% in this week's regular securities repurchase tender, down from 5.23% last week.

The three basis point cut compared with forecasts of a drop of up to five basis points and followed a 12 basis-point cut last week.

The funds were awarded in the form of securities repurchase agreements, or repos, under which banks buy Bundesbank money in return for eligible securities. The transaction is reversed after a pre-set period, usually 14 days.

The Bundesbank this week allocated DM 63.7 billion (\$38.65b.) in repos at a lowest accepted rate of 5.20%, replacing expiring agreements of DM 56.2b. (\$34.10b.) so that a net DM 7.5b. (\$4.55b.) flowed into the banking system.

Money market dealers in Frankfurt said the cut helped allay fears that the Bundesbank had put



Bundesbank President Hans Tietmeyer's announcement of no rate cuts earlier this week apparently refers to Lombard and discount rates and not repo rate.

its policy of monetary easing on hold. Its president, Hans Tietmeyer, said on Monday that there would be no more cuts in official rates in the foreseeable future.

"It's clear that Tietmeyer meant the discount and Lombard rate, not the repo rate," one money market dealer said.

The Bundesbank lowered both those rates by half a point, to 4.50% and 6.00% respectively, after its last council meeting on May 11.

The discount rate, at which the central bank lends banks money against eligible securities as collat-

eral, is regarded as a floor for money market rates.

The Lombard rate, which acts as a ceiling, is the rate at which the Bundesbank lends funds to alleviate day-to-day cash shortages.

Yesterday's repo allocation boosted the domestic money market's cash supply and pushed overnight money rates down to 5.25/5.35% from 5.30/5.40% on Tuesday.

Traders said that still left plenty of room for further small cuts in repo rates each week before the current floor of 4.50% is reached.

MG shares plunge on asset stripping fears

FRANKFURT (Reuters) - Shares in German metals group Metallgesellschaft AG plummeted almost 10 percent yesterday after the company said it was selling its price assets to pay off a huge backlog of debt.

"The company is clearly under pressure if it is selling off its jewels," said Hans-Peter Wodniok, head of German Research at Robert Fleming. "Its per-share earnings are not going to recover for many years to come."

MG said it planned to sell its 80% stake in the profitable heating appliances unit Buderus AG, its transport firm Lehnkering Montan Transport AG and the prestigious downtown Frankfurt site where MG has been based since 1905.

It said the income from the sales should substantially reduce its debt, but warned that risks from its operations in North America trading - formerly put at a maximum of DM 1.5 billion (\$906.6m.) - were now higher. It gave no specific figure.

Analysts said the news meant MG shares - already viewed as a speculative stock which private investors should avoid - had gained a new edge of risk. The stock fell DM 25 (\$15.11) to DM 231 (\$139.6) yesterday compared with Tuesday's late price.

Analysts warned that yester-

day's plunge could mark the start of a new period of weakness for the stock, which only two weeks ago was at four-month highs.

MG shares dropped from over DM 420 (\$253.8) last November to a low of DM 175.50 (\$106.1) earlier this year after it plunged into a loss of almost DM 2b. (\$1.21b.) for 1992/93 and summarily dismissed its two top managers.

It only evaded bankruptcy after banks and shareholders pumped in DM 3.2b. (\$1.93b.).

The gradual comeback in its share price was rudely interrupted by yesterday's slide.

"For me, it was incomprehensible that the share ever recovered from 175," Wodniok said, a view shared by another analyst at a major German bank who declined to be named.

Karsten Tripp, at Trinkaus und Burkhart, saw the share in a DM 200 (\$120.9) to DM 250 (\$151.1) range "and heading to the lower end of that."

Traders said the stock could now be described as speculative at best.

The sale of the assets - which could raise around DM 2b. (\$1.21b.) - will leave a new streamlined MG with a focus on non-ferrous metals trading, plant construction, chemicals, non-ferrous metal production and financial activities.

US durable goods up slightly last month

WASHINGTON (Reuters) - Orders for expensive manufactured goods barely edged up in April, the Commerce Department said yesterday.

The slight 0.1 percent rise in April orders for long-lasting durable goods to a seasonally adjusted \$147.05 billion after a revised 0.7% March gain was below Wall Street economists' expectations of a 0.8% increase.

The smaller-than-expected rise in total orders may signal some leveling off in the manufacturing pace, which would ease price pressures.

Previously, the department said March orders had risen only 0.4%. But it revised that to a stronger 0.7% gain.

Durable goods are items like cars and home appliances that generally are intended to last at least three years.

Transportation orders dropped in April by 1.6 to \$35.69 b. after falling 3.3% in March and 9.2% in February.

Automakers continued trimming assembly rates in the second quarter so that some of the boost the economy received from big production rises since late last year may wane.

Excluding transportation, durable goods orders rose last month by 0.6% after a 2.1% jump in March. The department said weaker orders for new cars and for rail-road equipment more than offset higher aircraft and parts orders.

'Deficit cuts needed for single EU currency'

BRUSSELS (Reuters) - European Union members must act now to rein in and reduce budget deficits and cut inflation if they are to bring down long term interest rates and set the stage for a single EU currency, the European Commission said yesterday.

"The improvement in the economic situation must constitute a spur to efforts...not lead to complacency," Economic Affairs Commissioner Henning Christophersen said as he presented new economic guidelines aimed at helping the bloc reach its single currency goal this century.

"Current forecasts indicate that while the prospects for achieving the 3 percent deficit target by 1996/97 may now be more favorable, this will not be possible without a determined commitment to fiscal adjustment," he added.

Originally the EU's currency grid, the Exchange Rate Mechanism, was supposed to be the main

vehicle carrying the bloc towards the single currency.

But since last August when EU finance ministers surrendered to sustained money market attacks and widened the grid's fluctuation bands to plus or minus 15% from their previous 2.25 (or in some cases 6%), the economic guidelines have taken on new significance, combining both monetary and fiscal policy.

Christophersen said the failure of EU members to tackle high debt levels during the last economic boom meant that most were now emerging from recession with even higher debts which were making money markets nervous and forcing up long term rates.

"Everyone can see that countries are coming out of recession with very large stocks of public debt which will have to be refinanced in coming years," he said, warning that this could undermine

the single currency schedule.

"Long term rates of interest are of course important for recovery because in a number of member states they will influence investment activity."

The guidelines, originally agreed at December's EU summit but which now have to be re-run the gauntlet of finance ministers and the next summit in June, urge that all states commit themselves to cutting inflation to a maximum of 3 percent by 1996 from the current average of 3.2%.

The new document also stresses exchange rate stability, changes in tax burdens and the need for wage curbs to boost economies and find jobs for the bloc's 20 million unemployed.

"All member states should ensure that policies are consistent with and support exchange rate stability within the Community," it says.

"This is necessary to reap the

full benefits of the increase in economic integration, to improve the allocation of resources throughout the Community and to move to more ambitious price stability objectives."

The six-page paper says Spain, Portugal, Italy, Britain and Greece still have more work to do to curb inflation and steady their currencies, while Greece, Italy, Belgium, Denmark, France, Portugal and Spain must tackle their deficits and debts.

The Commission forecast two weeks ago that economic growth would accelerate to 1.6% this year from a previous prediction of 1.3%, while that for 1995 would climb to 2.6 from 2.1%.

It also foresaw a return to growth rates in 1996 above 3% - the level widely seen as indicating that national economies had achieved the necessary basic fitness for joining a single EU currency either in 1997 or by 1999.

Britain awards national lottery license to Camelot

LONDON (Reuters) - Britain's office of the National Lottery, after months of secret deliberations, yesterday chose a five-company group called Camelot ahead of seven others to operate its new national lottery.

National Lottery director general Peter Davis said Camelot was best placed to run the lottery "with due propriety", protecting the interests of participants and maximizing net proceeds.

Britain is the last country in Europe to set up a modern national lottery. Its last attempt collapsed in 1826 after officials tampered with the draw and cheated the Treasury out of proceeds.

The new lottery is widely tipped to be the biggest in the world and turnover could reach £4 billion a year, leisure analysts say.

The Camelot Group Plc is made up of confectionery giant Cadbury Schweppes Plc, GTECH Holdings Corp - which supplies lot-

tery equipment in 24 countries - bank note printer De La Rue, data communications firm Racal Electronics Plc and Japanese-owned computer firm ICL.

The new license is due to be formally awarded in July.

The government plans to spend half of that money on prizes and has said it will take 12 percent in tax.

Around a quarter of proceeds are expected to go to the government's five designated "good causes" - the arts, sports, heritage, charity and a Millennium Fund to fund the year 2000 - and the operator will take the rest to cover costs and profit.

Leisure analysts say the operator could end up with annual profits of £70m-£100m. after the lottery starts late this year or early next.

Members of the Camelot group quoted on the London stock exchange saw their shares jump on the news. Communications firm Ra-

cal, seen as having most to gain, surged 15 pence to 240.

Shares in security printer De La Rue and food and drink group Cadbury Schweppes both fell immediately after the news.

The bid by Richard Branson, head of the Virgin airline and retail empire, had been the punters' favorite because of its pledge to donate all the profits to charity.

But leisure analysts had expected the contest to be a two-horse race between Camelot and Lotco, the consortium led by leisure giant The Rank Organization Plc and a batch of prestigious financial backers.

Branson, who said he learned of the decision in a "nasty little fax", described the National Lottery's decision as "utterly wrong".

"Generally speaking I agree with the government that organizations need profits to take risks. But with this business there is no risk. It is a license to print money."

WORLD BRIEFS

Land Securities cautious on market revival: Britain's largest property group, Land Securities Plc, yesterday reported increased profits and a big leap in the value of its portfolio, but warned that rents would have to start rising to bolster a general market recovery.

Land Securities said pretax profits for the year to March 31 rose to £2.371b. from £2.291b. the year before and reported its net asset value - a key measure of property company status - jumped to 677 pence a share from 594 pence.

Following the results announcement, shares in the company were quoted up 17.5% at £h.78 before easing back to £h.64 in a generally bearish market. *Reuters*

Germany scraps bond issue: The German government yesterday scrapped a planned bond issue because it did not find enough demand from investors gloomy about the waning prospect for official rate cuts.

The Bundesbank, which issues bonds on behalf of the government, said the Finance Ministry not allotting a scheduled issue of four-year paper because bids were insufficient.

The government thereby deprived itself of at least DM 4b., the normal minimum size of such issues. The paper on offer had an annual return of 5.875%. *Reuters*

SAS narrows first quarter loss: Scandinavian Airlines System (SAS) said yesterday it had narrowed its first quarter loss and predicted a profit for 1994 after four straight years of losses. SAS, half-owned by the governments of Sweden, Norway, and Denmark, said its pretax loss fell to \$13m. in the first three months of the year from a \$146m. loss last year. *Reuters*

British Q1 GDP growth confirmed: British gross domestic product grew by 0.7% in the first quarter of 1994 compared with the final quarter of 1993, giving a year-on-year growth rate of 2.6%, the Central Statistical Office (CSO) said yesterday. Excluding oil and gas output, the economy grew by 0.6% in the first quarter and 2% year-on-year.

The data confirmed provisional estimates already published by the CSO. *Reuters*

Thyssen says losses more than halved: Thyssen AG, the German steel and engineering group, said yesterday it had cut its losses in half in the first six months of its 1993/94 business year and it promised noticeable improvement in the second half.

Thyssen said in an interim report its pretax loss narrowed to DM 182m. after a loss of DM 512m the year before. *Reuters*

Carlsberg lifts profit: Denmark's Carlsberg A/S, one of Europe's brewery giants, yesterday reported an improved six-month profit despite flat beer markets, but was cautious on short-term prospects.

Carlsberg posted a 5% higher group pre-tax profit of \$113m. for the first half of the 1993/94 accounting year compared with \$107.6m. in 1992/93. *Reuters*

ANZ boosts interim profit: Australia and New Zealand Banking Group, one of Australia's Big Four banks, announced a strong rise in half-year profit and a readiness for expansion yesterday. But the news did little for its stock price, which fell sharply as the market took a sudden dislike to bank shares.

ANZ, the last of the Big Four to report its interim results, said net profit rose to Australian \$363.8m. in the six months ended March 31 from a profit of \$272.1m a year earlier. *Reuters*

EU Commission calls for less tax on small firms: The European Commission yesterday called on European Union states to cut taxes for small businesses to help them create the new jobs Europe badly needs.

"Half of the EU's small- and medium-sized enterprises are not capital companies or public limited companies, and the majority are taxed at the highest level of income tax, which in eight out of the 12 EU countries is above 50%," Taxation Commissioner Christiane Scrivener told a news conference. *Reuters*

Compaq, which has been gunning for the top spot in the personal computer market, overtook giants IBM and Apple to become the No. 1 PC company in the first quarter, research group Dataquest Inc. said yesterday.

Compaq jumped ahead of Apple, which is involved in a major product transition, and IBM to grab the top spot with a 12.4% market share, up from 9.4% a year ago. *Reuters*

Viag 1993 profit falls 18.6%: Viag AG's profit fell 18.6% in 1993, but cost-cutting and restructuring should lay the groundwork for improved earnings, management board chairman Alfred Pfeiffer said yesterday.

"In view of the difficult economic environment we can say that in Viag's view 1993 went satisfactorily," Pfeiffer told the company's annual news conference.

The diversified industrial group's net profit declined to DM 302m. from DM 371m. in 1992, largely because of poor results in the company's fire-proofing and packaging divisions, company officials said.

Profits in the first quarter of this year, however, were more than 33% higher than a year earlier, Pfeiffer said. *Reuters*

Carlton Communications' profits up: Carlton Communications Plc, the media group that is now one of Britain's biggest television broadcasters, yesterday reported a 33% jump in pretax profit to £73m.

It raised turnover 40% to £659m. and increased its dividend 10% to 8.15 pence. *Reuters*

North West Water's profits grow: North West Water Plc, Britain's second largest water company in terms of market capitalization, reported higher profits and dividends yesterday, but said its future rested with the industry regulator, OFWAT.

North West reported an 8.9% rise in pretax profit for the year to March 31 to £269m. and raised its year dividend payout to 23.07 pence from 21.4.

"Earnings are very dependent on the outcome of the periodic review that is taking place at the moment," group finance director Bob Ferguson said. *Reuters*

Argyll hit by supermarket price wars: One of Britain's top food retailers, Argyll Group, reported a 13% slide in profits yesterday, slashed by cut-throat supermarket price wars, and the group said it expected no respite in the foreseeable future.

Argyll, which runs the Safeway chain of supermarkets, said pre-tax profits for the 52 weeks to April 2 slid to £361.8m. from £417.3m. last time, despite sales rising 8% to £5.98b.

Delving into the hot market of financial derivatives

LONDON (Reuters) - Financial derivatives are the hottest thing to hit markets since rice futures took lip by storm a few centuries ago, but they have raised fears about the stability of the overall financial system.

Regulatory authorities are so concerned that they have coined an obscure term for the fear that the \$12 trillion a year derivatives market could prompt the banking system itself to implode - "systemic risk."

US legislators plan action to beef-up regulation of derivatives after a report by the investigative arm of Congress, the General Accounting Office, found "significant gaps and weaknesses" in official controls.

But derivatives generally act like insurance, and many tried and tested ones operate with great accuracy.

They are a means of "hedging" financial risks and have become invaluable to investors ranging from producers and consumers of

commodities to treasury managers at multinationals.

Derivatives are contracts linked to or derived from so-called "underlying" instruments, such as commodity prices, stock market indices, currencies, and interest rates.

The most popular forms are futures and options, which are well established and well understood in markets.

Futures are contracts to take delivery of a product at a future date and started naturally in markets for commodities. Japanese rice futures were the first known derivatives.

In recent decades, dealers found they worked equally well for currencies, bonds, and interest rates, but then they are often based on "cash settlement" rather than the exchange of goods.

This means that a buyer does not actually receive the underlying product when the contract ma-

tures. Instead, if the product has risen in value since the time when the futures contract was bought, he gets the difference in cash.

Whereas a rice trader might want to take delivery of 10 tons of rice when a futures contract expires, a US three-month interest rate dealer will simply take the money.

Options are contracts that give an investor the right, but not the obligation to buy or sell something in a specified timeframe and at a fixed price.

If you thought the price of a bond was about to rocket, you could buy call options on them, which would set a price at which you could purchase them.

Then, if the price did soar, you would have locked in your purchase price and made an instant profit.

But in the past decade, a crop of more complex derivatives has sprung up, many traded outside exchanges. Some are so sophisti-

cated that their results can surprise their creators.

So-called "exotic options" have a host of unique features that can change the way they act. Some of these, like "knock in" and "knock out" options, have price limits that can make the contracts valid or invalid.

Swaps allow an investor to trade one interest rate for another, possibly widely different, rate.

For instance, someone with a fixed rate of eight percent in terms of dollars might trade with someone who has the variable three-month French rate plus another percentage point on top.

Other popular products are: swaptions - options on swaps; forwards - contracts to deliver currency at a later date; forward contracts - forward contracts that do not start until a date in the future; and forward rate agreements, which essentially do the same thing for money market rates. The list goes on and on.

There are plenty of horror stories of companies buying or selling these products, unaware of their risks, and suddenly finding that they have lost huge sums.

Occasionally money is lost months down the road despite all expected events coming to pass because the mathematical implications were more complicated than thought originally.

Derivatives are often sold on margin. The buyer at the time of purchase pays a fraction of a futures contract's value and can be tempted into a bigger market position than he can afford.

And, since derivatives are one or more steps removed from an underlying product, their own price movements can be magnified.

This is one reason why regulators worry. Some contemplate a nightmare scenario in which a market meltdown is triggered by unforeseen results from a series of derivatives trades.

EXPORT PROCESSING ZONE

(Continued from Page 9)

from the council within 15 days: the council is allowed one 30-day extension, after which the license is considered to be granted unless a negative answer has been given.

Businesses in the zone will be exempt from a host of taxes - including income tax, corporate tax, capital gains tax, property tax, stamp tax, municipal rates (ar-nona) and foreign currency fees - for 20 years, though Israeli employees will still be subject to income tax.

In addition, the businesses will not have to pay any customs duties on goods used within the zone, except for private cars, nor will they have to pay export taxes.

They will also be exempt from VAT on all deals within the zone or with other countries, except on private cars. Sales to Israelis, however, will be subject to VAT, customs duties and other indirect taxes.

In exchange for these concessions, the businesses will not be eligible for any government fund-

ing or government guarantees.

With the exception of agriculture produce and weapons, there will be no quotas and no import or export licenses, except for restrictions relating to health or the environment.

Certain foreign currency regulations will also be relaxed, and there will be no price controls.

Businesses will also be exempt from certain labor laws, such as those governing the work week, annual vacations and severance pay.

However, alternative arrangements must be made on these issues and approved by the Finance and Labor Ministers.

In addition, foreign workers will be permitted, but only in certain types of jobs and only up to a maximum of 3% of the total work force.

However, businesses will still be subject to laws concerning health, safety and the environment. They will also be subject to the building and planning laws, with a certain amount of streamlining.

Knicks take first game of Eastern finals



NEW YORK (AP) - The New York Knicks refused to break down against Indiana following their breakthrough victory over the Chicago Bulls.

Patrick Ewing had 28 points, 11 rebounds and six blocks, while Hubert Davis hit three big fourth-quarter baskets Tuesday night in the Knicks' 100-89 triumph in the opener of the Eastern Conference finals.

And the Knicks again displayed their trademark defense when it mattered most, holding the Pacers to six points in the last four minutes after Indiana had pulled to within a basket.

New York was coming off its most significant victory since winning the NBA title in 1973, an 87-77 decision in the seventh game of the conference semifinals against the three-time defending champion Bulls.

Indiana, which never won an NBA playoff series before this year, was rested after winning seven of nine postseason games, and was hoping for a New York letdown.

The Pacers got a spectacular performance from center Rik Smits, with 27 points and 10 rebounds, helping them rally from 17 points behind in the second quarter to an 85-83 deficit. But they couldn't quite overcome a 19-4 second-quarter burst by New York in which Ewing scored 12 points.

Davis hit two 3-pointers in the fourth quarter, and his long

juniper with a left gave the Knicks an edge. Charles Oakley followed with a tip-in for a six-point lead, and New York stayed safely ahead as Indiana hit just one field goal in the last four minutes.

Oakley finished with 20 points and 13 rebounds. Greg Anthony

scored 14 points and got off just 11 shots against New York's suffocating defense, which held Indiana to 42 percent shooting.

The Pacers led 8-0 after the first 1:22 of the game as both Ewing and Oakley were called for technical fouls, but the Knicks caught up quickly as Indiana missed 13 of its next 15 shots and scored just 12 points the rest of the quarter. Anthony hit two 3-pointers in the last 3:03 of the period, helping New York open a 26-20 edge.

Sam Mitchell scored the first four points of the second quarter as Indiana again got off to a fast start. But Ewing then scored the first four points and the last eight of a 19-4 run that lifted New York into a 45-28 lead.

The Knicks went on to lead 53-37 at halftime. Smits and Dale Davis combined for 9-for-13 shooting in the first half for Indiana, but

their teammates missed 18-of-22 attempts.

The Pacers then started the third quarter with a 7-0 burst to close within nine points before baskets by Oakley, John Starks and Ewing built the margin to 59-44. But the Knicks missed 15 of 20 shots in the period, and they took just a 70-63 advantage into the final quarter after Anthony Mason's dunk with 2.3 seconds left in the third.

NBA Playoff Glance
Finals (Best of 7)
EASTERN CONFERENCE
Tuesday's result:
New York 100, Indiana 89
New York leads series 1-0
WESTERN CONFERENCE
Houston leads Utah 1-0
Last night's scheduled game:
Utah at Houston
Today:
Indiana at New York

Canucks eliminate Leafs, head to Stanley Cup finals

VANCOUVER (AP) - Greg Adams scored 14 seconds into the second overtime, lifting the Vancouver Canucks to a 4-3 victory over the Toronto Maple Leafs on Monday night and into the Stanley Cup finals.

The Canucks won the Western Conference Finals four games to one to advance to the NHL finals for the second time in their history.

They will face the winner of the Eastern Conference finals between the New York Rangers and New Jersey Devils.

The Canucks were last in the finals in 1982 when they were swept in four games by the New York Islanders.

Adams scored the game-winning on a rebound shot by Dave

Babych from the left point. Toronto goaltender Felix Potvin gloved the initial shot, then dropped it in front, where Adams backhanded it into the net.

Potvin just sat in the crease after the goal, seemingly stunned by the defeat as thousands of fans at the Pacific Coliseum waved white towels, signifying the victory. Potvin made 43 saves.

"I'm so tired and kind of numb," Adams said in a postgame TV interview. "I don't feel anything."

"What a great feeling, we're halfway there and we're making a run for it."

They began their run Tuesday night after falling behind 3-0.

Toronto took its lead in the first period on goals by Michael Eastwood, Doug Gilmour and Wendell Clark. The Canucks tied it with three goals in the second by Murray Craven, Nathan Lafayette and Adams.

The victory was the fourth straight for the Canucks and their 11th in the last 13 games.

Toronto's early lead spoiled a shutout string for Vancouver goaltender Kirk McLean, who made 31 saves. McLean had gone more than seven periods without allowing a goal after the Canucks won Games 3 and 4 by shutouts.

Adams scored the tying goal at 17:57 of the second period on a rebound after Potvin stopped shots by Trevor Linden and Pavel Bure.

NHL Playoff Glance
Finals (Best-of-7)
EASTERN CONFERENCE
New Jersey leads NY Rangers 3-2
WESTERN CONFERENCE
Tuesday's result:
Vancouver 4, Toronto 3 (2OT)
Vancouver wins series 4-1
Last night's scheduled game:
NY Rangers at New Jersey
No games today

Maccabi TA tennis courts open

"THE realization of a dream" is how Maccabi club chairman Avner Feiger defined the official opening of the new Maccabi Tel Aviv tennis courts in north Tel Aviv.

The club dedicated to Feiger in honor of his contribution to the past 50 years to the local tennis scene. The center boasts nine all-weather courts instead of the previous four near Allenby Road which were pulled down to make way for a car park.

Culmination of 25 years' planning, the center was

built over two years at a cost of \$1 million on land donated by the municipality in return for appropriating the old courts.

At the colorful ceremony where crowds of people thronged the flower-paved walks, Tel Aviv Mayor Ronni Milo cited his predecessor Shlomo Lahar for supporting the project.

Jack Leon, *The Jerusalem Post's* tennis correspondent for 40 years was cited by Feiger as "an institution in the tennis world."



HONORARY INSTITUTION - Tel Aviv Mayor Ronni Milo (r) gives tennis correspondent Jack Leon a plaque for his years in covering the local game. (Sarit Uziely)

Klinger, Grossman win Eilat superstars event

THE Isrotel superstars spent most of the day in the water yesterday in searing heat as soccer player Nir Klinger and hoopster Orly Grossman clinched the Champion of Champions title in Eilat.

Klinger put on a spirited performance in his come-from-behind victory, while Grossman consolidated her lead after the first day's four events to pull well clear of the rest of the field.

Yesterday's second day of competition included a paddle-boat race in the Eilat lagoon, a test of balance running across a tarpaulin stretched across the Sport Hotel pool, a 50-meter swim and an obstacle course race.

Klinger, captain of Maccabi Tel Aviv and the national side, pulled out all the stops as he won the 200-meter paddle race in a difficult breeze, finished second in the overwater walk and won the 50-meter swim, which put him in an almost unassailable lead going into the obstacle course.

He would have had to have finished last and volleyball player Alon Greenberg would have needed to finish first in order for him to have lost his crown. As it turned

out, Klinger placed third in the obstacle course and Greenberg fifth.

Oren Smadja, last year's winner, finished third. Hoopster Yisrael Elimelech was fourth, Betar Jerusalem soccer star, Ronnen Harazi, was fifth and Hapoel Tel Aviv hoopster Shimon Amsalem, who was the star of the show with his light-hearted approach to the whole affair, finished last, just as he had predicted.

Grossman proved her overall superiority over the rest of the field with three first-place and three second-place finishes in the eight events. Her only disappointment came yesterday in the pedal race and the obstacle course.

Volleyballer Keren Oigman was second and hoopster Orly Kesten was third.

Triathlete Limor Levine finished fourth, marathoner Lolly Leibowitz and body-building champion, Orly Bassan were last among the women.

The men's and women's first-place finishers won NIS 9,000 each and second-place finishers won NIS 3,000. The event will be shown June 7 on Channel 2.

Drabek blanks Braves

ATLANTA (Reuters) - Doug Drabek pitched a three-hitter and got three hits himself for his seventh straight win and second shutout of the season as the Houston Astros beat the Atlanta Braves 8-0 on Tuesday.

Drabek (7-1) won his fifth straight start. His 20th career shutout was the Braves' most lopsided loss of the season.

Drabek outpitched Tom Glavine (5-4), snapping Atlanta's three-game winning streak and Glavine's personal three-game winning streak. At the plate, Drabek went 3-for-5, scored a run in the third and singled home two more in the sixth. He was 2-for-24 this year entering the game.

Drabek is already closing in on his 1993 victory total. He finished 9-18 with a 3.79 ERA last year, his first in Houston.

Expos 11, Marlins 1

Darrin Fletcher drove in a career-high five runs and Butch Henry and Mel Rojas combined on a three-hitter.

NATIONAL LEAGUE					AMERICAN LEAGUE				
East Division					East Division				
	W	L	Pct.	GB		W	L	Pct.	GB
Atlanta	27	15	.643		New York	29	13	.688	2 1/2
Montreal	25	18	.588	3	Boston	27	16	.628	3
Florida	23	22	.511	5 1/2	Baltimore	25	18	.588	4
Philadelphia	22	23	.489	6 1/2	Toronto	22	22	.500	8
New York	21	22	.488	6 1/2	Detroit	19	22	.463	9 1/2
Central Division					Central Division				
	W	L	Pct.	GB		W	L	Pct.	GB
Cincinnati	26	18	.591		Chicago	25	17	.595	
Houston	24	20	.545	2	Cleveland	22	20	.524	3
St. Louis	23	20	.535	2 1/2	Minnesota	22	21	.512	3 1/2
Pittsburgh	19	23	.452	6	Kansas City	21	21	.500	4
Chicago	19	24	.442	6 1/2	Milwaukee	17	27	.386	9
West Division					West Division				
	W	L	Pct.	GB		W	L	Pct.	GB
Los Angeles	25	21	.543		California	21	25	.457	
San Francisco	21	24	.467	3 1/2	Texas	19	23	.452	1
Colorado	19	24	.442	4 1/2	Oakland	19	23	.452	1
San Diego	13	32	.289	11 1/2	Seattle	13	32	.289	17 1/2

TUESDAY'S NL RESULTS:
Montreal 11, Florida 1
Houston 5, Atlanta 0
Philadelphia 4, St. Louis 0
New York 4, Pittsburgh 3
Colorado 11, Cincinnati 7
Chicago 2, Los Angeles 0
San Diego 6, San Francisco 3

TUESDAY'S AL RESULTS:
Cleveland 5, Boston 3
New York 6, Toronto 1
California 8, Detroit 5
Chicago 5, Minnesota 3
Texas 3, Kansas City 0
Baltimore 13, Milwaukee 5
Oakland 10, Seattle 1

Surrey in semifinals

LONDON (Reuters) - Surrey batsman David Ward smashed 73 in 57 deliveries yesterday to power his county into the semifinals of the Benson and Hedges Cup.

Ward's winning innings, containing six sixes and three fours, set up a six-run Surrey victory over Nottinghamshire in their quarter-final at Trent Bridge.

Notts had targeted an apparently testing 220 for eight in their 55 overs before Surrey ultimately cruised home by 278 for four in 51.4 overs.

Opener Darren Bicknell laid a solid base with 109 but it was Ward's huge hitting, including three sixes in one over from pace bowler Kevin Evans, that made a mockery of the target.

Alistair Brown lashed two sixes and a four but was not out, finished his half-century against a Notts attack led by the absence from the side through illness of England pacerman Chris Lewis.

New Zealand-Yorkshire reached the semifinals after beating Kent 5-4 in a bowl-out in the indoor school at Edgbaston.

The unsatisfactory conclusion, with five players from each side bowling two balls at three stumps, followed the abandonment of their rain-hit quarter-final.

Warwickshire captain Dermot Reeve said: "I feel great sympathy for Kent in getting to a quarter-final and then missing out in this way. I would have preferred a proper match next week, and Kent were prepared to come back."

Warwickshire chief executive Dennis Amis also supported a rematch but his plea to the Test and County Cricket Board was unsuccessful.

Pace bowler Andrew Cuddick was ruled out of contention yesterday for England's first Test against New Zealand at Trent Bridge next week.

Cuddick, England's leading wicket-taker on the West Indies tour, failed a fitness test on a shoulder problem.

Agassi loses tough match to Muster

PARIS (AP) - While top seeds Steffi Graf and Pete Sampras struggled unexpectedly in second-round French Open victories, Andre Agassi upstaged them yesterday with a heroic five-set loss to Thomas Muster.

An underdog to the power-hitting Austrian, Agassi rallied repeatedly, including a comeback from 5-1 in the final set, before Muster, the 11th seed, survived 6-3, 6-7 (5-7), 7-5, 2-6, 7-5 in the most dramatic match of the tournament.

Twice a losing finalist here, Agassi missed out on a seeding by dropping to 19th in the rankings while battling wrist trouble.

"It's very disappointing," he said of Muster's surge to victory at 5-5 in the last set. "I just gave it everything I had left and it didn't fall for me. He picked up his level of play and deserves a lot of credit for the way he finished the match."

Graf, pursuing her fifth consecutive Grand Slam title, was broken early in each set by 67th-ranked

Stephanie Rottier of the Netherlands, but came back to win 7-5, 6-3.

"I played badly," Graf said. "Even during the warmups, I was thinking already I wasn't playing well."

Sampras had his hands full with Marcelo Rios, the youngest, worst-ranked player in the field. An 18-year-old Chilean ranked 283rd, Rios forced Sampras into two closely fought tiebreakers before the No. 1-ranked Californian prevailed, 7-6 (7-5), 7-6 (7-4), 6-4.

Defending champion Sergi Bruguera, the No. 6 seed, advanced, 6-2, 6-2, 7-6 (7-3) over 135th-ranked Christian Rued of Norway. No. 7 seed Jim Courier, the 1991 and 1992 champion, labored to a 7-5, 6-0, 6-7 (9-7), 6-4 win over Italy's Stefano Pescosolido.

Other seeds reaching the third round were No. 4 Andrei Medvedev of Ukraine, who beat Nicklas Kulti of Sweden, 6-4, 7-6 (7-4), 4-6, 7-5; and No. 12 seed Richard Krajicek, who beat France's Thierry Champion, 6-3, 6-3, 4-6, 6-2.

Smashnova hoping to repeat past successes

FOR Minsk-born 17-year-old Anna Smashnova, now holding Israeli citizenship, Paris has a special allure.

Precisely three years ago Smashnova dazzled the Roland Garros stadium by taking the junior French Open title, becoming at 14-years-old, the youngest winner ever.

On Tuesday in her debut performance in the seniors, she relived her victory by crushing Czech Anna Novotna, fifth seed and fifth in the world in the first round. The score was 6-4, 6-2.

Smashnova today takes on unseeded Shaun Stafford from the US, ranked 75 in the world, who beat Elena Makarova from Russia 6-2, 6-1 in the first round.

Smashnova is currently ranked 94 in the world.

Smashnova was unfazed by Novotna's reputation, delivering potent serves and keeping her securely at the baseline.

What she lacks in stature was compensated by her demolishing groundshots and perseverance around the court.

Her most recent tournament was in Lucerne where she beat Swiss Emanuela Zarda (57) in the first round and took a set from Bulgaria's Magdalena Maleeva, the world's number 13, in the second round before going down in three sets.

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